



## Compliance Procedures

Procedures for compliance with drawback program. Covers accelerated payment privilege, waiver of prior notice of intent to export privilege and drawback compliance program.

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***The drawback claimant must be able to demonstrate that it:***

- understands the legal requirements for filing claims, including the nature of the records that are required to be maintained and produced, and the time periods involved;
  - has in place procedures that explain the Customs requirements to those employees involved in the preparation of claims, and the maintenance and production of required records;
  - has designated a dependable individual or individuals who will be responsible for compliance under the program, and maintenance and production of required records;
  - has in place a record maintenance program approved by Customs regarding original records, or if approved by Customs, alternative records or recordkeeping formats for other than the original records; and
  - has procedures for notifying Customs of variances in, or violations of, the drawback compliance or other alternative negotiated drawback compliance program, and for taking corrective action when notified by Customs of violations and problems regarding such program.
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***Description of claimant's drawback program. The description must include at least:***

- The name of the official in the claimant's organization who is responsible for oversight of the claimant's drawback program; and
- The name and title, with mailing address, fax number, and e-mail address, of the person(s) in the applicant's organization responsible for the actual maintenance of the applicant's drawback program;
- The procedures and controls demonstrating compliance with the statutory and regulatory drawback requirements;

*Examples:* Unused merchandise in a direct identification drawback program is verified by internal inventory controls as not having been used in the U.S.

Unused merchandise in a substitution drawback program is verified by internal inventory controls as not having been used in the U.S. and meets the standards of commercial interchangeability, i.e., meets recognized industrial standards. Absent industry standards, the Court of International Trade



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found that commercial interchangeability, for drawback purposes, is determined by a two-part inquiry: first, the imported and exported merchandise must be commercially accepted; and second, the description of the imported and exported merchandise must match on the sale invoice or contract.

Pre-claim review includes verification that the balance on the drawback bond, for accelerated payment, is sufficient to cover the proposed claim being reviewed.

- The parameters of claimant's drawback record-keeping program, including the retention period and method (for example, paper, electronic, etc.);

All records pertaining to or substantiating processes in drawback claims will be retained for a minimum of three years after date of payment of the claim to which the record or process relates.

Specify which records are maintained on paper and which are electronic records. If electronic the type of system in which they are maintained.

- A list of records that will be maintained, including at least sample import documents, sample export documents, sample inventory and transportation documents, and sample manufacturing documents (if applicable);

Include on the list of records the department that has responsibility for the record.

*Example:* export invoices – accounting department

- A description of the applicant's specific procedures for:

How drawback claims are prepared (if applicant is a claimant, Scarborough International, Ltd. will supply their procedures for preparation and filing of claims with U.S. Customs Service); and

How the applicant will fulfill any requirements under the drawback law and regulations applicable to its role in the drawback program;

The procedures that will be used to notify Customs of changes to the claimant's drawback program, variances from the procedures described in this application, and violations of the statutory and regulatory drawback requirements; and

The procedures for taking corrective action when notified by Customs of violations or other problems in such programs; and

The procedures for an annual review by the claimant to ensure that its drawback program complies with the statutory and regulatory drawback requirements and that Customs is notified of any modifications from the procedures described in this application.

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