

JUNE 5, 2025

Duty Drawback Explained

What Every Importer and Exporter Should Know



INTROS

Who we are

Dutywise: a modern drawback broker

dutywise



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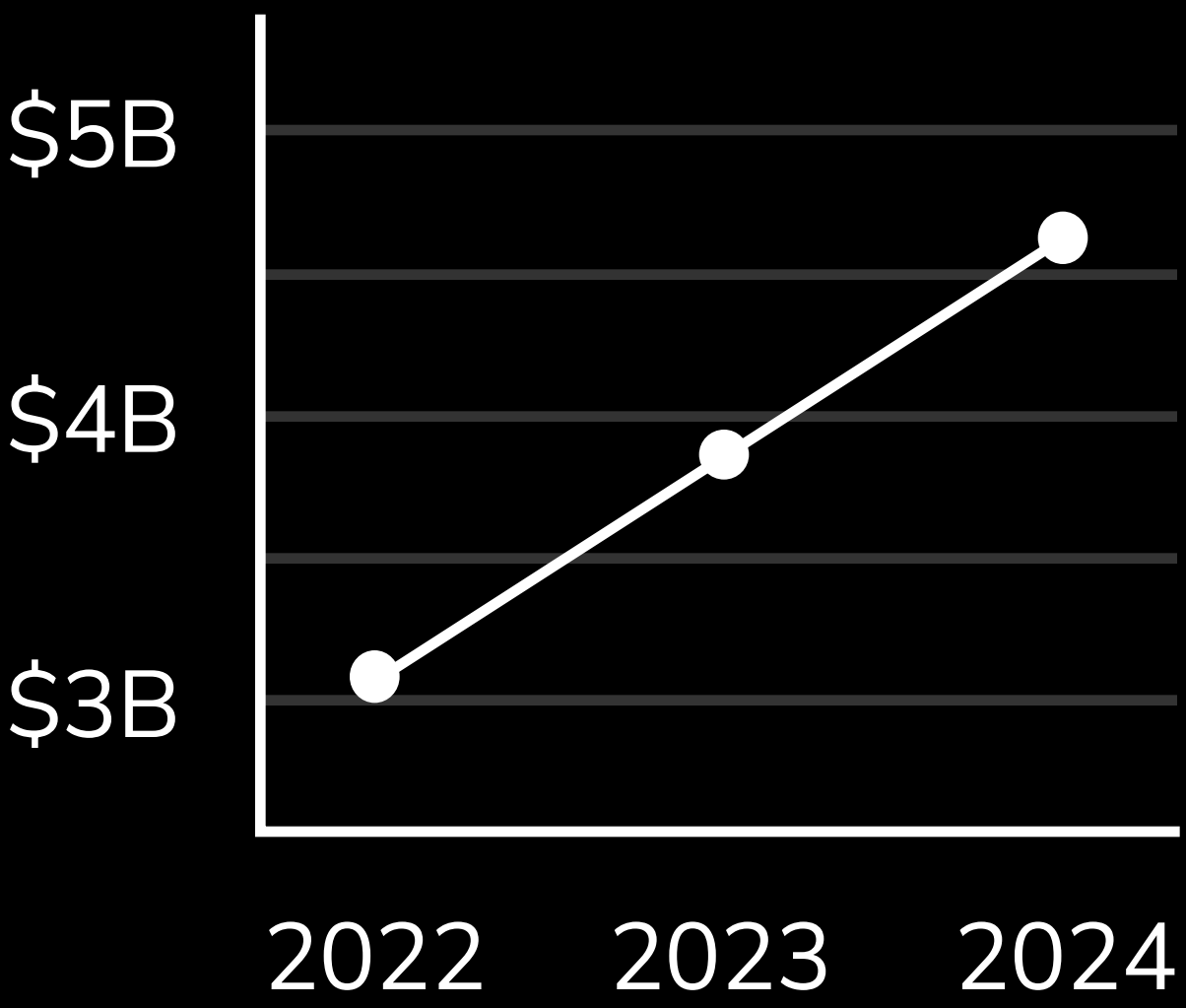
AGENDA

What we'll cover

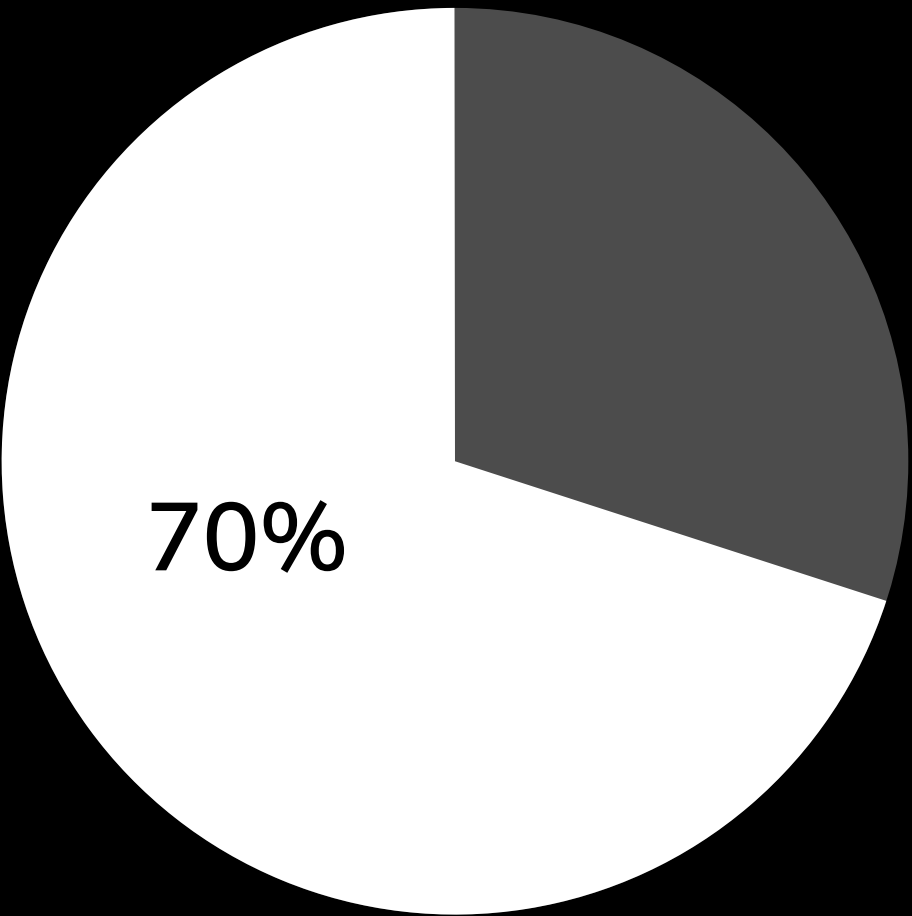
1. Drawback by the numbers
2. What is drawback?
3. What's eligible?
4. The case for drawback
5. Common scenarios
6. Common challenges and solutions
7. Process and timeline
8. Q&A

Drawback by the numbers

Drawback refunded annually



Unclaimed drawback annually



5 Years

From date of import to claim drawback

4 weeks

Average time to refund after claim submission

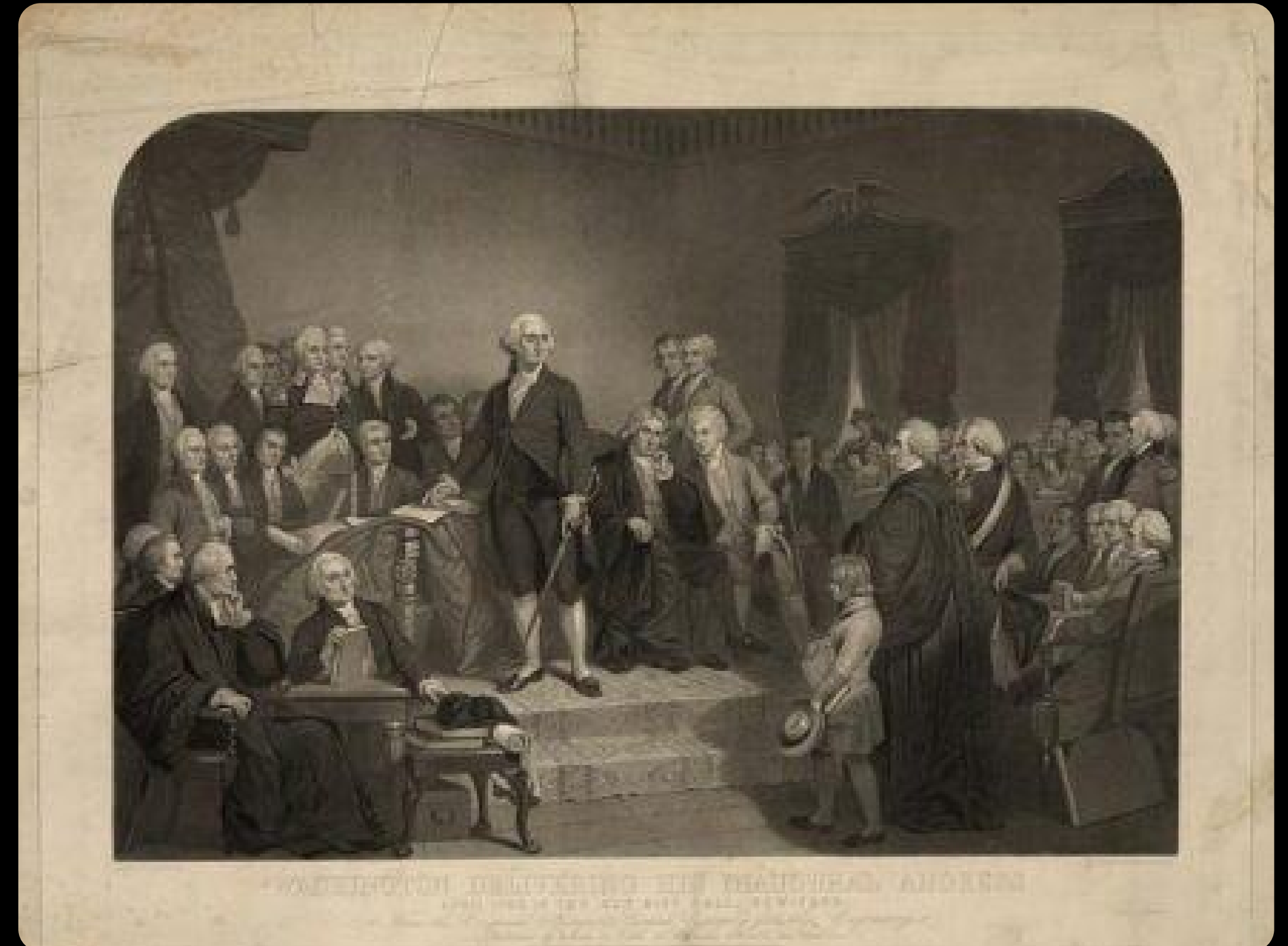
DRAWBACK EXPLAINED

Drawback: America's Oldest Trade Incentive Program

Drawback has been a part of US trade law since it was included in the Tariff Act of 1789.

It was the first major legislative action by the First Congress of the United States after the ratification of the US Constitution.

It was enacted to promote U.S. manufacturing, export activity, and trade competitiveness.



What is drawback

Drawback is a refund of the import **duties, taxes, fees and tariffs** paid when the goods— or products manufactured from them— are later **exported** or **destroyed**. You can get up to 99% back with a successful claim.



Primary types of duty drawback

Unused Merchandise Drawback

Imported goods which are then exported or destroyed within 5 years of import

Manufacturing Drawback

Imported components used to produce a finished good which is then destroyed or exported within 5 years of import

Rejected Merchandise Drawback

Imported goods which are then exported or destroyed within 5 years of import

Returned Retail Merchandise Drawback

Imported goods which are sold and then returned for any reason and then exported or destroyed within 1 year of import

What can I claim back?

✔ Duties eligible for drawback	⊗ Duties ineligible for drawback
<ul style="list-style-type: none">• All “ordinary Customs duties”• Section 301 duties for Chinese goods (7.5%-25%)• Merchandise Processing Fees (MPF)• Harbor maintenance fees (HMF)• Certain internal revenue taxes, including those on alcohol and tobacco	<ul style="list-style-type: none">• Anti-dumping & countervailing duties• Existing and recently added Section 232 (steel, aluminum, auto) Updated• On agricultural products duty-paid at the over-quota rate (with exceptions)
<ul style="list-style-type: none">• Reciprocal tariffs on all countries (10-125%) Contested	<ul style="list-style-type: none">• IEEPA China tariffs (20%) Contested• IEEPA Canada and Mexico tariffs (10%-25%) Contested

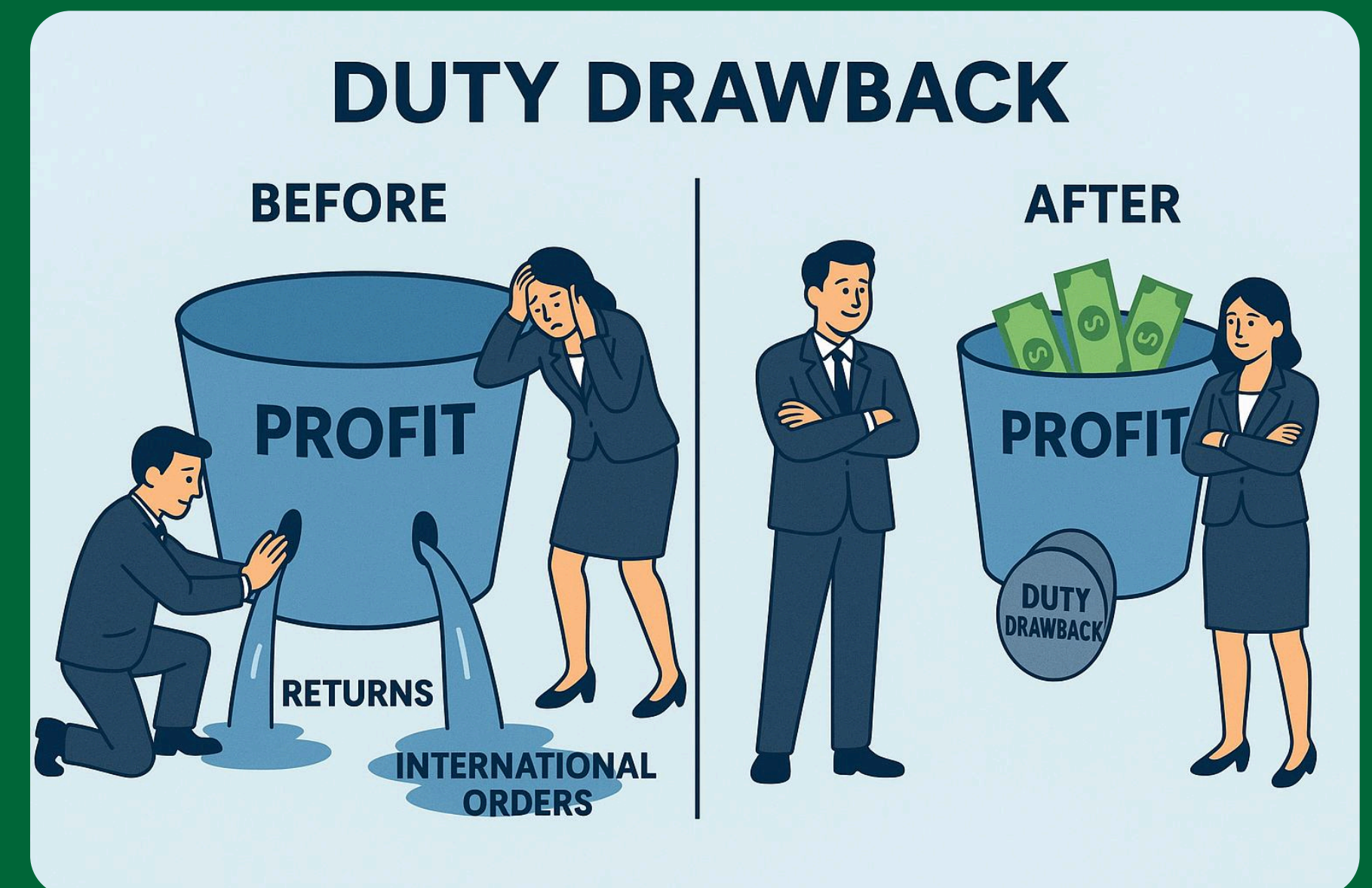
DRAWBACK EXPLAINED

Why now?



The case for drawback

- **Drawback is found money**
Drawback goes straight to the bottom line and can directly improve your margins
- **One-time setup, continuous value**
Once in place, future claims will be streamlined, requiring minimal maintenance while providing long-term benefits
- **Recover up to 5 years of refunds**
For example, a company paying \$10M annually in duties and exporting 10% of those goods, could recover approximately \$5M in their initial 5 year lookback claim



Common scenarios

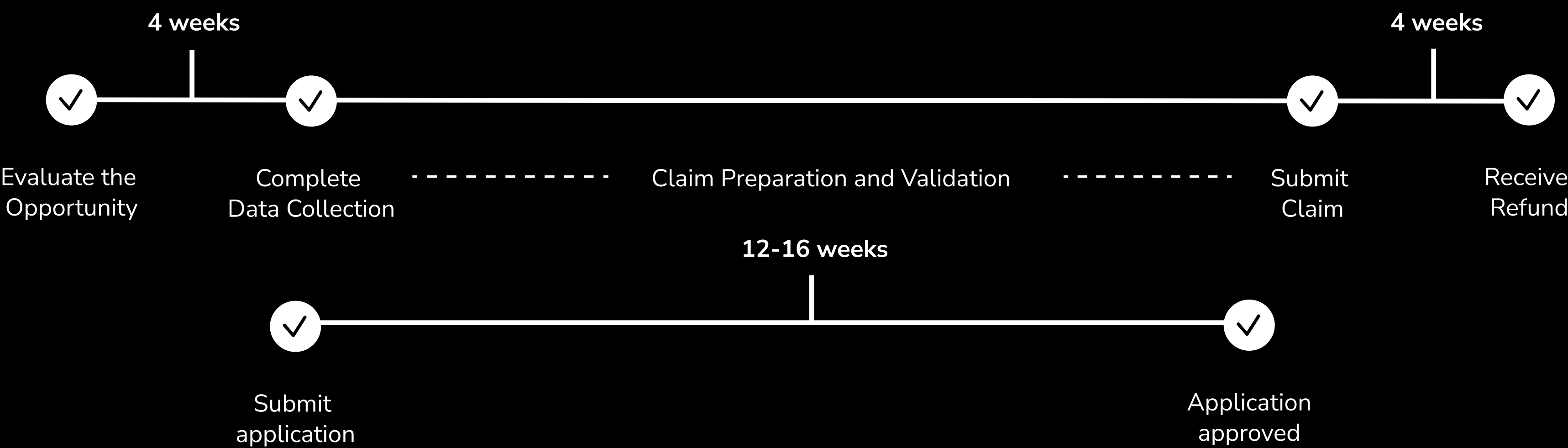
Qualifying activity	Type	Export destination	Method
Fulfill to a Canadian customer from a US warehouse	Unused	Any country	Direct ID (SKU)
Stock transfer order to sister company in the UK	Unused	Any country except CA/MX	Substitution (HTS)
Import blank T-Shirts, finish with print, export to Canada	Manufacturing	Any country	Direct ID (SKU)
Bike assembled in the US using a carbon frame from China, sold to a customer in Brazil	Manufacturing	Any country	Substitution (HTS)
Defective batch of vitamins or supplements	Rejected	Any country	Direct ID (SKU)
Shoes sold domestically in the US, returned by customer and can't be resold	Returned Retail	Any country except CA/MX	Direct ID (SKU)

Common challenges and solutions

Challenge	Solution
Insufficient recordkeeping	<ul style="list-style-type: none">• Retrieve import/export documents from external parties, formalize access and retention agreements• Update retention policies to meet statutory requirements (3 yrs after liquidation of claim)
Not the exporter	<ul style="list-style-type: none">• Obtain a letter of assignment from the actual exporter• Ensure access to export records for each shipment
Not the importer	<ul style="list-style-type: none">• Double blind arrangement with drawback broker to get import documents from actual importer
Direct ID for CA/MX	<ul style="list-style-type: none">• Clear at SKU level, leverage technology to streamline digitization of historical import data
Commingled returns	<ul style="list-style-type: none">• Segregate returns physically, update inventory systems to reflect and segregation of goods

What are the steps?

Key milestones to a drawback program



THANK YOU

Q&A

Got questions? Let us know.

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