

Maintaining Compliance Status: A Compliance Check List

What Do You Need to Maintain Your Drawback Compliance Status?

- ✓ Payback
- ✓ Personnel
- ✓ Procedures
- ✓ Program
- ✓ Paper Trail
- ✓ Penalties

Payback:

- ✓ Payback is what you earn if you do all the right things — you receive your duty refunds!

Personnel...must:

- ✓ **Have Power of Attorney**
 - Someone must have authority to sign documents.
 - An officer of the company must sign them.
- ✓ **Have a thorough understanding of drawback, importing, exporting and inventory controls**
 - Must be conversant in drawback regulations and the logical flow of data
 - Ability to fill out proper forms (CF7551, CF7552, CF7553, POA)
- ✓ **Be able to glean relevant information from import related documents**
 - Duty rate problems and classification inconsistencies
 - Should know differences between import data and entry data
 - Ability to handle complex factors such as NDC.s, currency conversions, etc.
 - Capability of instructing proper filing of C.D..s by vendors
 - Invoice related problems —
 - Large and/or bizarre part numbers
 - Quantity ordered/delivered discrepancies
 - Unit of measure inconsistencies
 - Unrated invoices
- ✓ **Be able to locate sufficient proof of export**
 - Original waybills/bills of lading
 - Canadian B3 import documents
 - Mexican Pedimentos
 - House bills
 - Proof of payment
 - Commercial invoices/packing lists denoting part/sku/style-size-color detail
- ✓ **Have knowledge of company flow of data and material**
 - Have overall familiarity with entire business
 - Access to people in all affected areas
 - Purchasing, receiving, shipping, manufacturing, international
 - Ability to follow paper or computer trail of the workflow
- ✓ **Stay current on U.S. Customs regulations and activities**
 - World Trade Institute, Customs Website, AAEL, NCBFAA, Broker Power, etc.
- ✓ **Maintain an open channel of communications with Customs**
 - Keep them up to date on your changes/problems and vice versa



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Procedures:

- ✓ **Review procedures for preparation of claims**
- ✓ **Recordkeeping Program / Record Retrieval**
 - List designated areas involved in compliance
 - List topics/responsibilities to be covered with each
 - Conduct visits
- ✓ **Self Audit**

Program — Computer program must have:

- ✓ **Maintain Inventory**
 - Monitor balances
- ✓ **Ability to verify data**
 - Entry numbers
 - Port Codes
 - Dates
- ✓ **Avoidance of duplication/double dipping**
- ✓ **Ability to handle all forms of drawback**
 - Substitution
 - Direct Identification
- ✓ **Conforming to specific rulings**
- ✓ **Provide common sense warnings**
- ✓ **Must have competent operator**

Paper Trail:

- ✓ **Imports**
 - Receipts
- ✓ **Manufacturing**
 - Work in process
 - Finished goods inventory
- ✓ **Export**
- ✓ **Electronic Information**

Penalties:

- ✓ **In the compliance program**
 - **Non Fraud (negligent) violation in a three-year period**
 - First Time — 20% plus loss of revenue (possible warning)
 - Second Time — 50% plus loss of revenue
 - Third Time — 100% plus loss of revenue
 - **Fraud**
 - Three times loss of revenue
- ✓ **Not in compliance program**
 - **Non Fraud (negligence) violation**
 - First Time — 20% plus loss of revenue (no warnings)
 - Second Time — 50% plus loss of revenue
 - Third Time — 100% plus loss of revenue