



## Maintaining Compliance Status – A Compliance Checklist

### 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

**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