# The ACE ABI CATAIR by David Verkaik, VP Drawback Development

**Customs and Trade Automated Interface Requirements, Drawback/TFTEA Drawback Entry Summary September 2017**

On September 29th, 2017, the trade received the 4th revision of the ACE CATAIR. This document lays out the requirements that duty drawback claimants will need in order to program their drawback software so that they may file drawback claims electronically according to the statutory language of The Trade Facilitation and Enforcement Act of 2015 (i.e. TFTEA).

The trade has also been anxiously awaiting the release of the new proposed duty drawback regulations. Our hope was that we would have seen these regulations months ago so that proper preparations could be made prior to the February 24th, 2018 effective date of TFTEA.

While there has not been any specifics provided to the trade by Customs and Border Protection (CBP) on these upcoming regulations, the following are a number of positions inferred from this current CATAIR revision. Please understand that none of the following positions have been confirmed or endorsed by CBP. However, it is very possible that the following positions will be part of the upcoming drawback regulations.

1) A Dual Calculation System will likely be implemented. The two calculation systems are as follows:
    a. TFTEA Substitution Drawback will be calculated based on average value per unit of the import entry line item.
    b. Direct Identification Drawback will be calculated based on the import invoice value, which is like we do currently.

    Since CBP has stated that these two systems of calculation are incompatible with each other, this may have significant implications on duty drawback after February 24th, 2018.

    It is likely then that merchandise calculated based on the average value per unit of the entry line item will make it ineligible for that merchandise to be used on a direct identification drawback claim and visa versa. A drawback claimant may then have to choose between TFTEA substitution drawback claims and Direct Identification drawback claims.

2) CBP may deem all merchandise imported on any import entry that was claimed on a drawback claim under the existing drawback law ineligible for any drawback claims under TFTEA Substitution. Therefore, the balances that remain on imports that were filed under the current drawback

law would not be eligible to be claimed using TFTEA substitution drawback. The reasoning behind this is because ACS only records drawback claims at the import entry level. Thus, the ACE system will not be able to determine which line item was used on imports claimed in a legacy drawback claim so we would not be able to claim them.

3) It is possible that CBP may not process TFTEA claims using Accelerated Payment (AP) until the new drawback regulations become final.

4) The quantity reported on a drawback claim will need to be in the Unit of Measure (UOM) that is applicable to the imported HTS entry line item. For example, if the UOM on the import entry is Kilograms and the import invoice and export invoice show Pieces, the Pieces quantity will have to be converted to Kilograms for the drawback claim.

5) All Manufacturing drawback Rulings for manufacturing substitution, 1313(b), will need to be updated to allow for substitution by HTS numbers.

Corporate Headquarters, Air/Ocean Import-Export , 975 Linden Blvd, Elmont, New York 11003 (516) 872-5570 Fax: (516) 872-5587
Drawback Office, 245 Woodport Road, Sparta, New Jersey 07871 (973) 729-6700 Fax: (973) 729-5002
**www.jmrodgers.com**