**DRAWBACK SIMPLIFICATION UNDER TFTEA**

**Need Immediate Approval of Accelerated Payment**

Duty Drawback is a program administered by the federal government since 1789. The program was designed to promote exports overseas, employ American labor and increase American manufacturing. For every dollar of imported merchandise that goes into the manufacturing of exported products, a potential refund of 99% of duty on the imported materials is recoverable. The drawback program helps keep our exporters competitive in tight global market. Drawback is particularly important in California, and especially with our state’s wine importers and exporters.

Drawback brokers have worked with Customs & Border Protection (CBP) for thirteen years on the new Drawback Simplification program. This new revision of the drawback program was finally passed into law as part of The Trade Facilitation and Trade Enforcement Act of 2015 (TFTEA).

The amendment of statutes for drawback procedures coincided with the development of the Automated Commercial Environment (ACE), which is the Single Window through which all government agencies with enforcement powers over importing and exporting view transactions electronically in real time. CBP wisely delayed the transition from paper to digital filing for drawback until the end of ACE completion. The cutover date just happened on the weekend of February 24, 2018.

Unfortunately, the Department of Treasury has not completed its rulemaking process to enact the changes in statute provided for in TFTEA for drawback filing. More importantly, CBP and Treasury have denied access to *accelerated payment* of refunds. Accelerated payment allows a refund to be issued far earlier than normal. Under accelerated payment, a refund can be issued in 30 days. Without accelerated payment, the refund can take over a year. This privilege has existed since 1972, and now it has been taken away for these type of claims.

Denying filers’ use of accelerated payment for TFTEA claims puts American exporters and Drawback Providers at risk of not being able to meet payroll, sustain product inventory levels or support the cost of operating a business in the “now” global market. Whether the Drawback Claimant is a small company or a large Corporation, maintaining a compliant drawback program is very complex and needs trained professionals to assist with the administration of the program.

Accelerated payment for TFTEA should be allowed as normal. The linchpin of accelerated payment is the surety bond that guarantees all refunds; if refunds are disallowed later, the money is paid back and guaranteed by a bond. American drawback filers do not understand why this should suddenly be denied in the absence of Treasury’s final rule. Further, an NPRM has not even been issued yet, and thus we still must wait through the comment period. The process should take at least a year. CBP has anticipated that, and will end the filing of paper altogether on February 22, 2019. This creates a great degree of uncertainty for American businesses.

We understand that the regulation is being delayed due to a dispute at the Alcohol, Tax and Trade Bureau (TTB) concerning substitution drawback for wine. This comes up every decade or so. But now this dispute is jeopardizing the drawback filings of many other manufacturers. That is unfair.

Please encourage CBP and Treasury to allow accelerated payment in the interim of the regulations change. And please push Treasury to finish their rulemaking.