



Changes Allow for Duty Free Return of Foreign Goods

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For years, U.S. buyers have found it difficult to return imported articles when products come in damaged or erroneously shipped. In the case of a return, importers have been required to pay additional duties and Merchandise Processing Fees (MPF) upon re-importation.

With that being said, there is good news for importers. Recent changes to U.S. tariff number 9801.00.10 allow for duty free return of foreign goods, according to the Trade Facilitation and Trade Enforcement Act of 2015 [1].

Conditions to Qualify

It is important to meet the following conditions to avoid paying duties a second time.

- Goods must be returned within 3 years of initial export.
- Duty drawback was not claimed on the original export.
- The goods were not entered under bond or produced in a Foreign Trade Zone (FTZ).
- The article was not advanced in value or improved in condition while abroad [2].
- The U.S. importer has proper documentation to support the claim.

Support Documentation

U.S. Customs is in the process of defining the required documents more clearly for 9801.00.10. In the meantime, it is vital for importers to have these documents on hand at time of entry to support their claim. These documents include

- A Foreign Shipper's Declaration and U.S. Importer's Declaration
- Some form of proof to demonstrate that the goods have been returned within 3 years, such as
 - Export invoices
 - Export bill of lading
 - Electronic Export Information filings (EEI)

On the bright side, these documents are already required records for exporters, making the process easier.

By meeting these conditions and having the supporting documents, the change to this tariff provision will save importers significant duties and MPF for their returning goods.

Footnotes

- [1] “Products of the United States when returned after having been exported, or any other products when returned within 3 years after having been exported, without having been advanced in value or improved in condition by any process of manufacture or other means while abroad.” Harmonized Tariff Schedule of the United States (2016).
- [2] The article was not altered in any way that might have made it into a new product or might have improved it while overseas.

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For assistance with developing processes and procedures for returning goods, contact **MOHAWK GLOBAL TRADE ADVISORS**.

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