

**Supporting Statement
Drawback Process Regulations
1651-0075**

A. Justification

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

The collections of information related to the drawback process are required to implement provisions of proposed 19 CFR, Part 190 and 19 CFR, Part 191, which both provide for refunds of duties, taxes, and fees for certain merchandise that is imported into the United States and subsequently exported or destroyed. If the requirements set forth in Part 190 and Part 191 are met, claimants may file for a refund of duties, taxes, and fees using CBP Form 7551, *Drawback Entry*, or its electronic equivalent. Specific Information on completing an electronic drawback claim is available in the relevant CBP and Trade Automated Interface Requirement (CATAIR) document at <https://www.cbp.gov/trade/ace/catair>. CBP Form 7553, *Notice of Intent to Export, Destroy or Return Merchandise for Purposes of Drawback*, is used to notify CBP if an exportation, destruction, or return of the imported merchandise will take place. Under the proposed regulations in 19 CFR, Part 190, some data collected will change. The information collected on these forms is authorized by 19 U.S.C. 1313. The paper drawback forms are accessible at <http://www.cbp.gov/newsroom/publications/forms>.

The New Data Elements Are:

- 1. Substituted Value per Unit*
- 2. Entry Summary Line Item Number*
- 3. Bill of Materials/Formula*
- 4. Certificate of Delivery/Drawback Eligibility Indicator*
- 5. Import Tracing Identification Number (ITIN)*
- 6. Manufacture Tracing Identification Number (MTIN)*
- 7. Certification for Valuation of Destroyed Merchandise*
- 8. Substituted Unused Wine Certification*
- 9. Certification of Eligibility for AP and/or WPN Privilege(s)*
- 10. Identification of Accounting Methodology*
- 11. Indicator for Notice of Intent to Export or Destroy*
- 12. Indicator for Waiver of Drawback Claim Rights*

This collection of information applies to the importing and trade community who are familiar with import procedures and with the CBP regulations.

2. **Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.**

The information is to be used by CBP to expedite the filing and processing of drawback claims and to maintain effective oversight over the drawback program

3. **Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.**

Drawback claims are submitted electronic into ACE via the Automated Broker Interface (ABI) system. Information regarding the ABI can be found at <https://www.cbp.gov/trade/acs/abi/contact-info>

4. **Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.**

This information is not duplicated in any other place or any other form.

5. **If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.**

This information collection does not have an impact on small businesses.

6. **Describe consequences to Federal program or policy activities if the collection is not conducted or is conducted less frequently.**

Failure to collect this information would result in companies being unable to file for a refund which they may be eligible.

7. **Explain any special circumstances.**

This information is collected in a manner consistent with the guidelines of 5 CFR 1320.6.

8. **If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour**

burden.

Public comments were solicited through a Federal Register notice for a Notice of Proposed Rule Making published on August 2, 2018 (Volume 83, Page 37886) on which one PRA related comment was received, a correction NPRM notice published on August 20, 2018 (Volume 83, Page 42062) on which no comments were been received and a Final Rule notice on December 18, 2018 (83 FR 64942) in which no comments were received.

Commenter: Comstock & Theakston, C.J. Holt & Co.

Comment: One of the purposes for the Trade Facilitation and Trade Enforcement Act was to simplify the burden of work for the trade and for CBP. Before the introduction of ACE, a significant amount of time was spent completing each form required for a drawback claim. Given that other CBP forms are no longer necessary to submit with the transmission of the electronic claim (CBP Forms 7551, 7552 and 7514), it would make sense to continue with the efforts to align with the Paper Reduction Act to also eliminate CBP Form 7553.

CBP Program Response: CBP disagrees with this suggestion. CBP must have the opportunity to inspect merchandise prior to export or destruction to ensure the specific requirements for drawback eligibility are satisfied. Additionally, claimants who wish to avoid the filing of this form, which is authorized in compliance with the Paperwork Reduction Act, may apply for the privilege to waive this requirement, which is specifically provided for in section 190.91. Return to CBP custody is mandatory for drawback internal revenue tax to be allowed pursuant to 26 U.S.C. 5062(c), for distilled spirits, wines, or beer which are unmerchantable or do not conform to sample or specifications. Without the submission of the CBP Form 7553, there would be no proof that such return was properly made to CBP. As such, CBP will retain the form and continue to require its submission.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

There is no offer of a monetary or material value for this information collection.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

A PIA for ACE, dated July 31, 2015, and a SORN for Import Information System, dated July 26, 2016 (Vol. 81, Page 48826), will be included in this ICR. No assurances of confidentiality are provided to respondents.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be

made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

There are no questions of a sensitive nature associated with this collection.

12. Provide estimates of the hour burden of the collection of information.

FORM NUMBER/TITLE	TOTAL ANNUAL BURDEN HOURS	NO. OF RESPONDENTS	NO. OF RESPONSES PER RESPONDENT	TOTAL RESPONSES	TIME PER RESPONSE
7551 Drawback Entry	32,532	2,516	22.2	55,772	35 minutes (.5833 hours)
7552 Delivery Certificate for Drawback	4,400	400	20	8,000	33 minutes (0.55 hours)
7553 Notice of Intent to Export/Destroy Merchandise	1,650	150	20	3,000	33 minutes (.55 hours)
TOTAL	38,582	3,066		66,772	

Public Cost

The estimated cost to the respondents is \$1,159,003. This is based on the estimated burden hours (38,582) multiplied by (x) the average loaded hourly wage rate for brokers (\$30.04). CBP calculated this loaded wage rate by first multiplying the Bureau of Labor Statistics' (BLS) 2016 median hourly wage rate for Cargo and Freight Agents (\$20.15), which CBP assumes best represents the wage for brokers, by the ratio of BLS' average 2016 total compensation to wages and salaries for Office and Administrative Support occupations (1.4762), the assumed occupational group for brokers, to account for non-salary employee benefits.^{1,2} CBP

1 Source: U.S. Bureau of Labor Statistics. Occupational Employment Statistics, "May 2016 National Occupational Employment and Wage Estimates, United States- Median Hourly Wage by Occupation Code." Updated March 31, 2017. Available at http://www.bls.gov/oes/2016/may/oes_nat.htm. Accessed June 20, 2017.

2 The total compensation to wages and salaries ratio is equal to the calculated average of the 2016 quarterly estimates (shown under Mar., June, Sep., Dec.) of the total compensation cost per hour worked for Office and Administrative Support occupations (\$25.3575) divided by the calculated average of the 2016 quarterly estimates (shown under Mar., June, Sep., Dec.) of wages and salaries cost per hour worked for the same occupation category (\$17.1775). Source of

then adjusted this figure, which was in 2015 U.S. dollars, to 2017 U.S. dollars by applying a 1.0 percent annual growth rate to the figure, as recommended by the U.S. Department of Transportation's value of travel time guidance.³

13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information.

There are no capital or start-up costs associated with this information collection.

14. Provide estimates of annualized cost to the Federal Government. Also provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information.

The estimated annual cost to the Federal Government associated with the review of these records is \$1,030,959. This is based on the number of responses that must be reviewed (66,772) multiplied by (x) the time burden to review and process each response (15 minutes or .25 hours) = 16,693 hours multiplied by (x) the average hourly loaded rate for a CBP Trade and Revenue employee (\$61.76)⁴ = \$1,030,959.

15. Explain the reasons for any program changes or adjustments reported in Items 12 or 13 of this Statement.

CBP published a Final Rulemaking on December 18, 2018 (83 FR 64942) that changes various aspects of the drawback process under the proposed drawback regulations in 19 CFR, Part 190. Among these changes is the elimination of the requirement to submit CBP Form 7552. Trade members filing under the current drawback regulations in 19 CFR, Part 191 would continue to submit this form, or its electronic equivalent, during a one-year transition period before the proposed drawback regulations are mandatory. Thereafter, the form would be eliminated at the end of the transition period. As a result of this rule, the burden hours for this form are decreasing from 22,000 to 4,400. CBP will undergo a separate process to eliminate the form after the transition period. There is an increase in the burden hours for CBP Form 7551 due to a correction being made (responses Per-

total compensation to wages and salaries ratio data: U.S. Bureau of Labor Statistics. Employer Costs for Employee Compensation. Employer Costs for Employee Compensation Historical Listing March 2004 – March 2017, "Table 3. Civilian workers, by occupational group: employer costs per hours worked for employee compensation and costs as a percentage of total compensation, 2004-2017 by respondent type." June 20, 2017. Available at <http://www.bls.gov/ncs/ect/sp/ececqrtn.pdf>. Accessed June 20, 2017.

³ Source: U.S. Department of Transportation, Office of Transportation Policy. *The Value of Travel Time Savings: Departmental Guidance for Conducting Economic Evaluations Revision 2 (2015 Update)*, "Table 4 (Revision 2-corrected): Recommended Hourly Values of Travel Time Savings." April 29, 2015.

<http://www.transportation.gov/sites/dot.gov/files/docs/Revised%20Departmental%20Guidance%20on%20Valuation%20of%20Travel%20Time%20in%20Economic%20Analysis.pdf>. Accessed June 20, 2017.

⁴ CBP bases this wage on the FY 2017 salary and benefits of the national average of CBP Trade and Revenue positions, which is equal to a GS-13, Step 3. Source: Email correspondence with CBP's Office of Finance on June 14, 2017.

Respondent) of previous submission based on updated agency estimates, there is no change to the number of respondents, and there is no change to the burden hours for CBP Form 7553.

16. For collection of information whose results will be published, outline plans for tabulation, and publication.

This information collection will not be published.

17. If seeking approval to not display the expiration date, explain the reasons that displaying the expiration date would be inappropriate

CBP does not seek approval to not display the expiration date.

18. "Certification for Paperwork Reduction Act Submissions."

CBP does not request an exception to the certification of this information collection.

B. Collection of Information Employing Statistical Methods

No statistical methods were employed.