§ 181.45 Goods eligible for full drawback.

(a) Goods originating in Canada or Mexico. A Canadian or Mexican originating good that is dutiable and is imported into the United States is eligible for drawback without regard to the limitation on drawback set forth in §181.44 of this part if that originating good is:

(1) Subsequently exported to Canada or Mexico;

(2) Used as a material in the production of another good that is subsequently exported to Canada or Mexico; or

(3) Substituted by a good of the same kind and quality and used as a material in the production of another good that is subsequently exported to Canada or Mexico.

Example. Company A imports a dutiable (3 percent rate) Canadian originating good. During Company A’s manufacturing process, Company A substitutes a German good of the same kind and quality (on which duty was paid at a 2.5 percent rate) in the production of another good that is subsequently exported to Canada. Company A may designate the dutiable Canadian entry and claim full drawback (99 percent) on the 3 percent duty paid under 19 U.S.C. 1313(b). (Note: NAFTA originating goods will continue to receive full drawback as they cross NAFTA borders for successive stages of production until NAFTA tariffs are fully phased out.)

(b) Claims under 19 U.S.C. 1313(j)(1) for goods in same condition. A good imported into the United States and subsequently exported to Canada or Mexico in the same condition is eligible for drawback under 19 U.S.C. 1313(j)(1)
without regard to the limitation on drawback set forth in §181.44 of this part.

Example. X imports a desk into the United States from England and pays $25.00 in duty. X immediately exports the desk to Z in Mexico and Z pays the equivalent of US$10.00 in Mexican duties. X can obtain a refund of 99 percent of the $25.00 paid upon importation of the desk into the United States.

(1) Same condition defined. For purposes of this subpart, a reference to a good in the “same condition” includes a good that has been subjected to any of the following operations provided that no such operation materially alters the characteristics of the good:
   (i) Mere dilution with water or another substance;
   (ii) Cleaning, including removal of rust, grease, paint or other coatings;
   (iii) Application of preservative, including lubricants, protective encapsulation, or preservation paint;
   (iv) Trimming, filing, slitting or cutting;
   (v) Putting up in measured doses, or packing, repacking, packaging or re-packing; or
   (vi) Testing, marking, labelling, sorting or grading.

(2) Commingling of fungible goods—(i) General—(A) Inventory of other than all non-originating goods. Commingling of fungible originating and non-originating goods in inventory is permissible provided that the origin of the goods and the identification of entries for designation for same condition drawback are on the basis of an approved inventory method set forth in the appendix to this part.
   (B) Inventory of the non-originating goods. If all goods in a particular inventory are non-originating goods, the identification of entries for designation for same condition drawback are on the basis of an approved inventory method set forth in the appendix to this part.

§181.46 Time and place for filing drawback claim.

(a) Time of filing. A drawback claim under this subpart shall be filed or applied for, as applicable, within 3 years after the date of exportation of the goods on which drawback is claimed. No extension will be granted unless it is established that a Customs officer was responsible for the untimely filing. drawback shall be allowed only if the completed good is exported within 5 years after importation of the merchandise identified or designated to support the claim. A good subject to a claim for same condition drawback must be exported before the close of the 5-year period beginning on the date of importation of the goods into the United States.