



As the Trade Turns

Monday, November 14, 2022
3:45pm – 5:00pm

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- Territorial restrictions, allocations of customers, restrictions on types of products, or any other kind of market division.
- Matters relating to actual or potential customers or suppliers that might have the effect of excluding them from any market or of influencing the business conduct of any company towards such customers or suppliers.

If any matter of concern comes up during the meeting, please stop the conversation and inform a SOCMA representative.



As The Trade Turns:

*A Soap Opera Story of
Betrayal, Murder and Money*

Table of Content Scenes

01

Drawback

Is there more than meets
the eye?

02

301s

Does this bad guy have a
softer side?

03

Superfund

We thought it was
gone...but its back!

04

MTB/GSP Renewal

The Twinkle in everyones
eye

A woman with dark hair and a shocked expression is framed by red curtains. The scene is set against a dark background with a large, semi-transparent red button in the center.

GASP!

Sit back and watch this tale unwind ...or will it?

The background features a stage with red curtains. A spotlight shines from the top center, creating a bright, circular area on the dark stage floor. The number '01' is displayed in large white font on the left side of the stage.

01

DRAWBACK

Is there more than meets the eye?

Where to find Duty Drawback Opportunities

1

Internal Drawback

- Initially target **Company's own imports and exports** where the company is the both the import and exporter of record
- Easiest and quickest drawback claim to file as all information and rights reside with the company

2

Supply Chain Drawback

- Research Company's supply chain:
 - find suppliers who are importing materials used in Company's exports
 - identify customers who are exporting products that utilize inputs from Company that are imported
- Drawback provider acts as a firewall between Company and its suppliers to protect sensitive information

3

Trading Drawback

- Charter has developed a unique, proprietary trading model to help companies monetize their **excess imports or exports** that companies would otherwise unable to utilize

“Simplified” does not mean easy

Matching (TFTEA)

- Merchandise that is imported and exported with the same 8 digit Harmonized Tariff System (HTS) code can be matched

Data Gathering and Management

- Willingness of supply chain providers to provide customers with sensitive information required to file drawback claims
- Exporter of record? – domestic seller, foreign buyer, freight forwarder?
- Auditing import and export data to confirm accuracy
- Managing your import and export pools
- Complete data required by provision accounting methods



Eligibility

- Was a duty paid? - Impact of duty-free imports and free trade zones
- Countervailing duties not eligible
- Special rules for exporting to USMCA countries

Filing Process

- Electronic filing requirements
- Bonding requirements for accelerated repayment of claim
- Tracking claims through Customs
- Customs audit of drawback claims
- Reconciliation
- Lesser of calculation for substitution claims ACE limitations & validations

The background features a stage with red curtains. A spotlight shines from the top center, creating a bright, circular area on the stage floor. The overall color palette is dominated by reds and blacks, with the spotlight providing a warm, yellowish glow.

02

301s

Does this bad guy have a softer side?

301 Duties and Duty Drawback

- Eligible for drawback
- Processes for claiming 301 duties
 - Substitution claims- 301 duties are refundable subject to the lesser of value calculation limitation.
 - Direct ID – 301 duties are refundable, not subject to the lesser of value calculation limitation.
 - USMCA claims: 301 duties are refundable, subject to the “USMCA Lesser of duty” rule (i.e. limited by duty amounts paid in MX or CA)
- Exclusions to 301’s play a strong impact on drawback
- First Filed Rule Complications & Complexities

Import tariffs from China to US



301's... CONTINUED

On November 15th, the USTR is opening a comment period that closes on January 17, 2023 to consider if the 301's have been truly effective regarding China's predatory intellectual property practices or eliminated any of China's discriminatory policies.

Submissions on the USTR's web portal will be via <https://comments.USTR.gov> through docket number USTR-2002-0014. The USTR's portal will allow for the submission of Business Confidential Information and include procedures on how to submit comments.

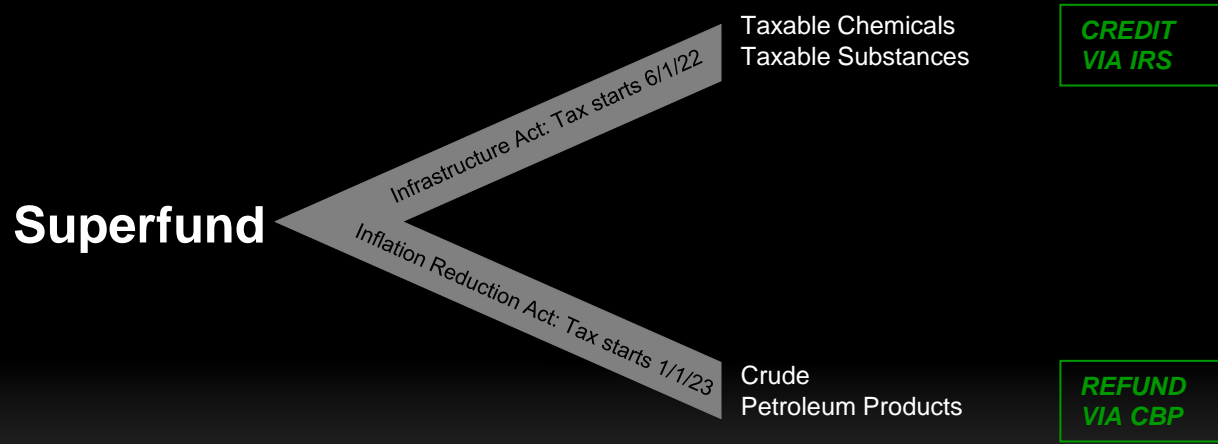


03

Superfund

We thought it was
gone...but its back!

Superfund – Two Different Roads



Superfund – Taxable Chemical and Taxable Substances Excise Tax

- The Infrastructure Investment and Jobs Act (IIJA) (see Section 80201 of H.R. 3684) reinstated and amended the Superfund chemical excise tax, which had expired in 1995. The excise tax applies to:
 - 42 taxable chemicals manufactured or produced in the United States, or entered into the United States, for consumption, use or warehousing.
 - Rates range from \$0.44 per ton to \$9.74 per ton
 - 151 taxable chemical substances entered into the United States for consumption, use or warehousing.
 - Rates range from \$1.49 per ton to \$23.65 per ton.
 - 50 original substances established in 1989
 - 68 additional substances — added up through December 31, 1995
 - 33 new substances — added as part of Internal Revenue Bulletin 2021-52

Superfund – Taxable Chemical and Taxable Substances Excise Tax

- Additional taxable substances are anticipated to be identified by taxpayers as they review the material consumption formulas of imported chemical substances, due to the lower content threshold (dropped from 50% to 20%)
 - Methods of calculating tax rate for taxable substances:
 - IRS published rate;
 - Used in
 - Stoichiometric (appearing in)
 - If no calculation per the above methods, then imports are taxed at 10% of the entered value.
- Effective date of January 1, 2022, with taxes imposed starting July 1, 2022

IIJA reinstates Superfund chemical excise taxes that expired in 1995 — specifically, the excise tax imposed under IRC Section 4661 on the **SALE OR USE** of the following 42 chemicals if manufactured or produced in the United States or entered for consumption, use or warehousing.

Reinstated tax rates per ton include:

• Acetylene	\$9.74	• Chromium	\$8.90	• Potassium dichromate	\$3.38
• Ammonia	\$5.28	• Cobalt	\$8.90	• Potassium hydroxide	\$0.44
• Antimony	\$8.90	• Cupric oxide	\$7.94	• Propylene	\$9.74
• Antimony trioxide	\$7.50	• Cupric sulfate	\$3.74	• Sodium dichromate	\$3.74
• Arsenic	\$8.90	• Cuprous oxide	\$7.94	• Sodium hydroxide	\$0.56
• Arsenic trioxide	\$7.50	• Ethylene	\$9.74	• Stannic chloride	\$4.24
• Barium sulfide	\$4.60	• Hydrochloric acid	\$0.58	• Stannous chloride	\$5.70
• Benzene	\$9.74	• Hydrogen fluoride	\$8.46	• Sulfuric acid	\$0.52
• Bromine	\$8.90	• Lead oxide	\$8.28	• Toluene	\$9.74
• Butadiene	\$9.74	• Mercury	\$8.90	• Xylene	\$9.74
• Butane	\$9.74	• Methane	\$6.88	• Zinc chloride	\$4.44
• Butylene	\$9.74	• Naphthalene	\$9.74	• Zinc sulfate	\$3.80
• Cadmium	\$8.90	• Nickel	\$8.90		
• Chlorine	\$5.40	• Nitric acid	\$0.48		
• Chromite	\$3.04	• Phosphorus	\$8.90		

Superfund Points of Taxation & Credits



Beginning July 1, 2022, Companies are responsible for remitting (and depositing) with the IRS Superfund Excise Taxes UPON SALE OR USE:

- Taxable Chemicals **produced** by Company in the United States (upon sale or use)
- Taxable Chemicals **imported** by Company into the United States
- Taxable Substances **imported** by Company into the United States (rates to be determined)
 - Exemptions apply for:
 - ✓ Fuel use
 - ✓ Fertilizer use
 - ✓ Other Specific Items as listed
 - ✓ Direct exports of Chemicals



Beginning July 1, 2022, Companies will be allowed Credits for:

- Taxable Chemicals **exported** from the United States (only if previously taxed)
- Taxable Substances **exported** from the United States (rates to be determined)

Superfund Taxable Chemicals and Substances Example - Styrene

Benzene
0.8 kg @ \$9.74/ton

Ethylene
0.3 kg @ \$9.74/ton

Styrene

Estimated “used in amount” of Taxable Chemicals to produce the Taxable Substance – Styrene Monomer would approximate a tax rate of \$10.71/ton for Styrene Monomer imports/exports

Superfund Taxable Chemicals and Substance - Flow

Superfund on Taxable Chemicals and Taxable
Substances
Credit Example

Payment to the IRS of Superfund
Tax on sale or use of the Taxable
Chemical.
Filed on IRS Form 720 and 6627.
Deposit rules apply

Credit claim
filed w/IRS on
Form 8849

INVOICE
Line #1: Taxable Chemical
Line #2: Superfund Tax



U.S. Taxable
Chemical Producer

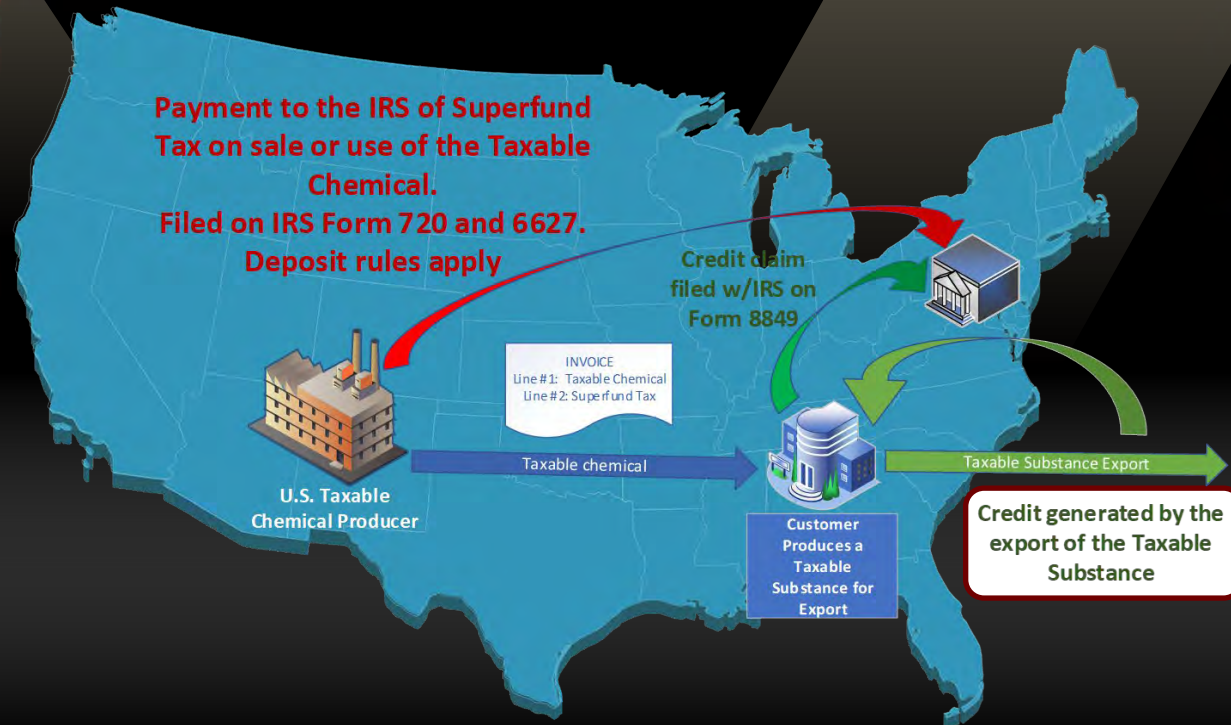
Taxable chemical



Customer
Produces a
Taxable
Substance for
Export

Taxable Substance Export

Credit generated by the
export of the Taxable
Substance



Superfund Tax- Crude and Petroleum Products

Implemented as part of Inflation Reduction Act

Tax is imposed as of 1/1/2023

Applies to crude and petroleum products:

The term “crude oil” includes crude oil condensates and natural gasoline

The term “petroleum product” includes crude oil

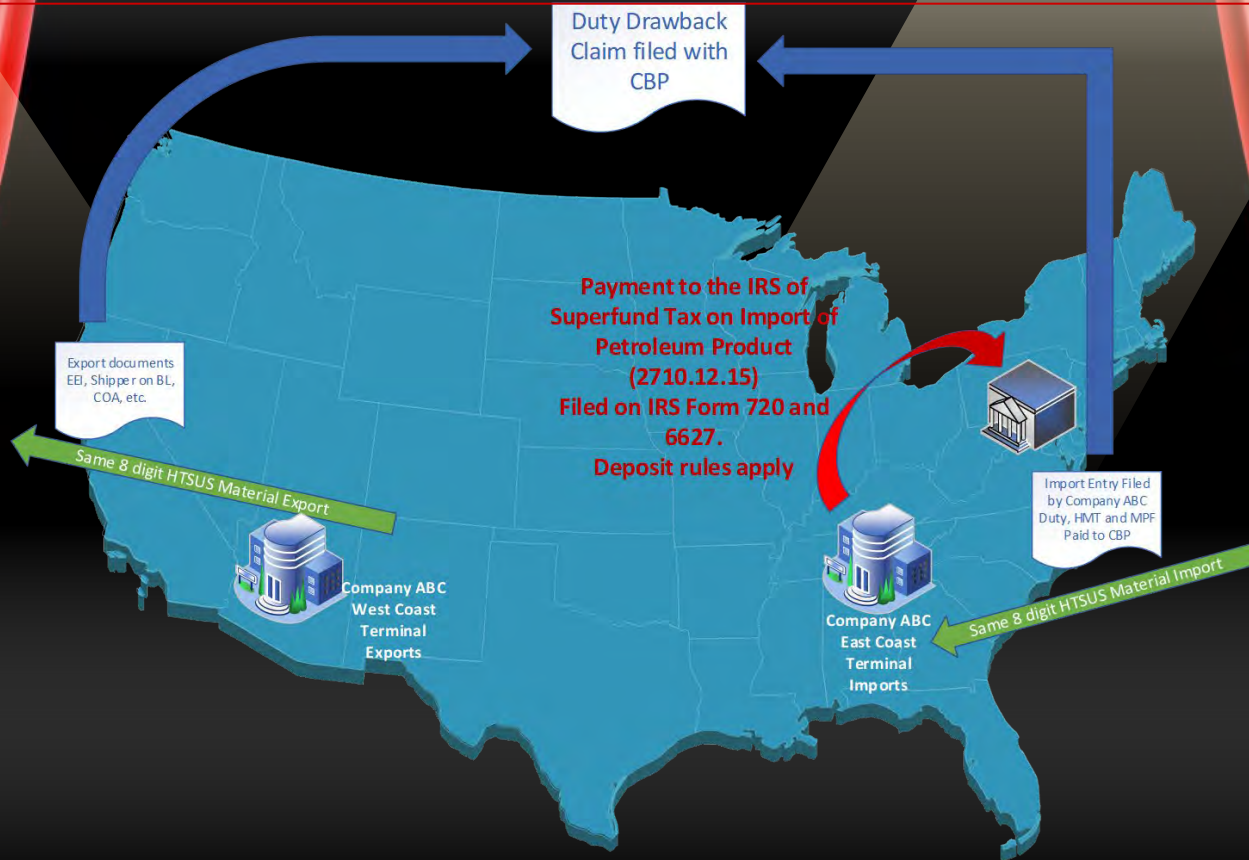
Points of Taxation

crude oil **received** at a United States refinery, and
Petroleum products **entered** into the United States for consumption, use,
or warehousing.

Tax Rate – 16.4 cents per barrel paid to the IRS on quarterly 720 using
the same process OST

Refund – via duty drawback

Superfund Crude & Petroleum Products - Flow



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04

MTB/GSP Renewal

The Twinkle in everyone's eye

Miscellaneous Tariff Bill (MTB) Generalize System of Preferences (GSP)

- MTB and GSP are a twinkle in everyone's eye!
- Both the House and the Senate included bills earlier this year for renewal of MTB & GSP
- The Senate's version included provisions to reinstate GSP, MTB, along with other measures and the House version would have GSP reauthorization with stricter eligibility criteria and reauthorization for MTB, but would ban finished goods from future MTB's.
- Paused currently during the current lame-duck session due to the midterm elections
- The hope is that Congress passes MTB & GSP renewal before the end of the year

Our team



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Thanks!

Do you have any questions?

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