



CBP Will Issue Refunds Only Electronically Starting Feb. 6

Effective Feb. 6, CBP is transitioning to electronic refunds instead of offering refunds by check. The agency is set to [publish](#) an interim final rule in the *Federal Register* outlining how it will do so, noting that the third party designated on CBP Form 4811 will continue to be valid after the transition goes fully into effect.

The interim final rule means that CBP will issue all refunds electronically starting on Feb. 6, although CBP will be taking comments on the rule through March 3. The rule applies to all importers, brokers, filers, sureties, service providers, facility operators, foreign-trade zone operators and carriers, and any designated third parties listed on CBP Form 4811, CBP said.

Following Feb. 6, CBP won't issue any refunds by check unless a waiver has been approved.

According to the document, the CBP Form 4811 on file will remain a valid third-party designation, authorizing CBP to issue an electronic refund to the designated third party.

"The designated third party must complete the ACH Refund application in order to receive the electronic refund. If the designated third party is not an ACH participant, the refund will default to the importer's ACH account," CBP said. Importers who aren't already enrolled in the ACH Refund program must submit an application for an ACE Portal account if an account doesn't already exist, CBP continued.

CBP also said it's the importer's responsibility to ensure the accuracy of the third-party designation and to contact CBP if any information needs to be updated or the designation is revoked.

The transition to distributing refunds electronically follows President Donald Trump's March [executive order](#) requiring that the federal government transition from paper checks to electronic payments for all federal disbursements, according

to the notice (see [ITT 06/20/2025](#)). Historically, the majority of CBP refunds for the overpayment of customs duties, taxes and fees were transmitted as paper checks issued by the Department of the Treasury and mailed to the address of the importer, the notice said, with an importer designating a third party, such as a licensed customs broker, to receive refunds on the importer's behalf via CBP Form 4811.

"While it has been available for some time, the issuance of electronic refunds via ACH is voluntary and has been relatively limited in scope due to technological limitations," CBP said in the notice, adding that the number of refunds that CBP has issued electronically has gradually increased so that approximately 30% of refunds were issued electronically in 2024 and 2025.

The agency continued, "CBP has been modernizing payment processes by reducing manual processes generally, and this rule specifically focuses on the management of electronic refunds through ACE."

CBP Releases Fact Sheet on Mandatory ACH Refunds Beginning Feb. 6

CBP released a [fact sheet](#) to aid importers in transitioning to electronic refunds via automated clearing house (ACH) beginning Feb. 6, as mandated in a Jan. 2 CBP interim final rule (see [ITT 12/31/2025](#)), it said in a [CSMS message](#) that same day. The agency said it "recently improved" the ACH refund sign-up process by adding an automated ACH refund authorization tool in the ACE Portal, as well as by automating the ACE Portal's importer account application, "which is necessary to access the new ACH Refund Authorization tool."

"Importers and other parties" who may receive CBP-issued refunds after Feb. 5 should review the fact sheet and "take any necessary steps to ensure readiness for this mandatory transition," CBP said. "For more information about refunds issued to authorized '4811 notify parties,' review the" interim final rule, CBP said.

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CBP also in recent months released a [guide for importers](#) to apply for an ACE Portal account, as required for ACH refunds.

CIT Says It Can Order Refunds for Plaintiffs' Finally Liquidated Entries in 1581(i) IEEPA Cases

The Court of International Trade [denied](#) a group of importers' motion for a preliminary injunction against liquidation of their entries subject to tariffs imposed under the International Emergency Economic Powers Act on the basis that the trade court has the power to order reliquidation of the entries if the Supreme Court strikes down the IEEPA tariffs.

Judges Gary Katzmman, Timothy Reif and Jane Restani said the court has the inherent authority to order reliquidation in cases brought under Section 1581(i), the court's "residual" jurisdiction used, among other things, to contest the underlying legality of certain tariffs. The court also noted the government's position that it won't contest CIT's ability to order such reliquidation, ruling that the U.S. is barred from changing its position in the future.

The issue arose as companies flock to the trade court to potentially secure their refund rights for IEEPA tariffs, should the high court strike down the duties. Leading the charge are attorneys at Crowell & Moring, who urged the trade court for a preliminary injunction on the theory that the companies have no basis to file a protest, since CBP rotely applies the IEEPA tariffs, and that CIT may not have the authority to order reliquidation (see [ITT 12/09/2025](#)). In response, the U.S. said it won't oppose or object to the court's authority to order reliquidation of the plaintiffs' entries (see [ITT 12/12/2025](#)).

The trade court seized on the government's assurances in rejecting Crowell's preliminary injunction. The court said the U.S. will be "judicially estopped" from going back on its word regarding the "availability of relief in the form of reliquidation." The government convinced the court to accept that importers who filed suit under Section 1581(i) can get refunds via reliquidation and that importers won't experience irreparable harm due to liquidation, and, as a result, the U.S. can't later "assume a contrary position" to argue that refunds aren't available after liquidation.

The three judges distinguished the present case from the Section 301 litigation, in which the U.S. did contest CIT's

ability to order reliquidation of finally liquidated entries. In the Section 301 case, the trade court granted a preliminary injunction against liquidation of affected entries due to doubt from the U.S. Court of Appeals for the Federal Circuit about CIT's authority to order reliquidation or refunds in Section 1581(i) cases.

The court said, in fact, it held in the Section 301 litigation that the court has the ability to order reliquidation in Section 1581(i) cases, adding that it agrees now that this is the case. While such authority is limited in Section 1581(a) cases, which require a protest to be filed before CBP prior to judicial review, filing a protest now would be an "utter futility," since CBP is "powerless to perform any active role in the determination of the constitutionality of the assessment."

Katzmann, Reif and Restani cited the 2001 CAFC decision in *Thomson Consumer Elecs. v. U.S.* for the proposition that the trade court can order the reliquidation of finally liquidated entries in Section 1581(i) cases challenging the underlying legality of the subject tariffs. "As long as this court has jurisdiction under 28 U.S.C. § 1581(i), the court can provide remedial relief, as the Government here acknowledges."

Since the importers are thus "not at risk of experiencing irreparable harm as a result of liquidation," the court denied the injunction request and didn't discuss the remaining factors that go into granting a preliminary injunction.

(*AGS Company Automotive Solutions v. United States*, Slip Op. 25-154, CIT Consol. # 25-00255, dated 12/15/25; Judges: Gary Katzmman, Timothy Reif and Jane Restani; Attorneys: Daniel Cannistra of Crowell & Moring for plaintiff AGS Company Automotive Solutions; Catherine Yang for defendant U.S. government) — **Jacob Kopnick**

Furniture, Cabinet Section 232 Tariffs Holding Steady in 2026

The 25% tariffs on upholstered furniture, and wooden cabinets and vanities will continue throughout 2026, instead of increasing to 30% for furniture and 50% for cabinets and vanities, as initially indicated in September (see [ITT 09/30/2025](#)).

The proclamation that kept the tariffs the same was [issued](#) late Dec. 31. It said: "The [U.S.] Trade Representative has

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informed me that the United States continues to engage in productive negotiations of agreements with multiple countries to address the threatened impairment of the national security with respect to imports of wood products. After considering the information the Trade Representative has provided me, among other things, I determine that it is necessary and appropriate to continue these negotiations and to delay for an additional year the increase in the duty rates for upholstered furniture, kitchen cabinets, and vanities. In my judgment, the action in this proclamation will result in more productive negotiations of agreements ... "

Democrats have attacked tariffs for increasing the cost of a new house; the tariffs on lumber, cabinets and vanities are part of that, though the steel and aluminum derivatives tariffs on appliances also contribute (see [ITT 12/17/2025](https://www.shipamerican.com/ITT-12-17-2025)).

Upholstered wooden furniture subject to the 25% rate will continue to be filed under subheading 9903.76.02, which will apply to subheadings 9401.61.4011; 9401.61.4031; 9401.61.6011; and 9401.61.6031.

Wooden cabinets and vanities subject to the 25% tariff will continue to be filed under subheading 9903.76.03, covering subheadings 9403.40.9060; 9403.60.8093; and 9403.91.0080. — *Mara Lee*

Experts: Apparel Sourcing Changed From UFLPA More Than Due to Trade War

Two apparel trade experts said the Uyghur Forced Labor Prevention Act had a bigger impact on sourcing shifts than this year's trade war, but if the framework agreements with Guatemala and El Salvador turn into full agreements, the duty-free status for qualifying apparel from those countries could make a difference.

The U.S. announced Nov. 13 that textiles and apparel from El Salvador and Guatemala would be duty-free as long as they meet CAFTA-DR rules of origin. The announcement said the details would follow in two weeks, but they haven't (see [ITT 11/13/2025](https://www.shipamerican.com/ITT-11-13-2025)).

Sandler Travis International Trade Practice Leader Nicole Bivens Collinson said during a webinar last week hosted by Sourcing Journal that "many, many brands made a concerted effort" to source cotton goods outside of China, to places

like Vietnam, Cambodia, Indonesia, India, Pakistan and Bangladesh. The 50% tariffs on Indian goods, though, are reducing orders there.

She said a big shift to Central America didn't take place even though some of the countries she listed tend to import fabric or yarns from China. That lack of growth in Latin America is "really due to capacity concerns," Collinson said.

Capacity, however, has expanded a little there this year, she said, and companies could shift to Latin America for both positive reasons—the lack of 10% and most-favored-nation tariffs on apparel—and negative ones—apparel from someplace like Cambodia may no longer qualify as a good of Cambodia from substantial transformation.

Collinson said the trade community is concerned that the U.S. government will create a different definition of transshipment, given language in the Cambodia and Malaysian deals about rules of origin and that "any benefits should only accrue to the parties." Calling that code for "we don't want China in supply chains," she said it's an issue to watch.

She also said she expects rules of origin to become even more stringent for duty-free treatment. Collinson speculated that instead of a yarn-forward rule, you would have to use U.S. cotton, too, and that using fabric made in the region would get only a 20% discount, while using yarn but not domestic fiber could be 50% off.

Cotton Incorporated senior economist Jon Devine agreed that the more significant shifts in apparel sourcing predated President Donald Trump's second term, with the biggest trading shift 18 months ago. However, he noted that because some of the new source countries don't have as many fabric mills, shipments of Chinese fabrics to other countries for cut and sew operations have increased.

Devine said it's not a fully Asian supply chain, however. "We have seen some increased sales of U.S. cotton to Indonesia this year," he said.

Collinson said the relatively high tariff rates in Vietnam and Bangladesh have led some companies to increase their sourcing from China, as they believe rates there will be stable for at least a year, and with a 10% reciprocal tariff, maybe a

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7.5% Section 301 tariff, and better logistics costs, it can be cheaper than Southeast Asian or South Asian competitors.

The ever-shifting tariff rates aren't the only headache for importers, she said. Typically, CBP issues compliance manuals to deal with changes. "That's not been the case this year," she said, and with little guidance from CBP, companies could be noncompliant just from guessing wrong.

"CBP can come back at any time," she said, and say: "No, that's not what we meant."

She also shared an example of a company that was trying to take advantage of an administration rule that goods with at least 20% American content can subtract that value from the cost of the import. She said the imports were from the CAFTA-DR region and used U.S. yarn, so they easily met the threshold. However, CBP in one day sent 54 requests for additional documentation of the U.S. content.

Collinson worried that the longtime practice of having foreign suppliers acting as importers of record is under the microscope. "We believe very strongly in the next year we could see the nonresident importer of record go away," she said. To apply for an importer number and set up an account could take two to three months, she said.

She predicted that the U.S. Supreme Court will rule against the use of the International Emergency Economic Powers Act for tariffs but said she expects CBP will make it as difficult as possible for importers to get their refunds.

If IEEPA is struck down, she predicted, "this administration is going to extract a pound of flesh. We're going to see other tariffs take their place."

She said the administration could use Section 122, which allows a 15% tariff on goods from all countries that have a trade deficit. However, because that law allows those tariffs to last only 150 days, she said, the administration might impose them for 149 days, let them expire for one day, then do a new round. — **Mara Lee**

Indonesia: Free Trade Agreement Concluded

The U.S. and Indonesia "have agreed on the substance stipulated in the reciprocal trade negotiation document," Indone-

sia said in a Dec. 23 [news release](#), according to an unofficial translation. It said technical meetings for legal scrubbing would be held in the second week of January, and the agreement should be signed by the third week of January.

Indonesia said the U.S. will remove tariffs on "Indonesia's leading export products that the US cannot produce, such as palm oil, cocoa, coffee, tea, and others."

Coordinating Minister for Economic Affairs Airlangga Hartarto said he and U.S. Trade Representative Jamieson Greer had "lengthy discussions" Dec. 22.

He quoted Greer as saying, "The outcome of this meeting is the most beautiful Christmas gift, one that will bring benefits to both countries."

Airlangga said he hopes Indonesia's President Prabowo Subianto and President Donald Trump will sign the trade agreement at the White House before the end of January.

The USTR didn't comment by deadline. — **Mara Lee**

Crapo Says He Likes Three-Year AGOA, Haiti Renewals

Senate Finance Committee Chairman Mike Crapo, R-Idaho, heartily endorsed the House Republicans' approach to renewing Haitian trade preferences and the African Growth and Opportunity Act.

Although the administration only endorsed a one-year extension of AGOA, the House Ways and Means Committee recommended a renewal through the end of 2028. The Haitian HOPE/HELP Act also would extend through the end of 2028. That would mean that Congress would not have to vote on the trade preferences again until after the election of Trump's successor.

In a brief hallway interview, Crapo told *International Trade Today*, "I am a strong supporter of what the House did. I have been pushing for that over here for a couple of years now."

If the bills become law, importers would receive refunds on eligible goods for most-favored nation tariffs paid during the expiration. These tariffs have been paid since Oct. 1.

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FMC to Delete Demurrage, Detention Billing Rule Language Struck Down by Court

The Federal Maritime Commission is removing a portion of its final rule on demurrage and detention billing requirements (see [ITT 02/23/2024](#)) after a federal court earlier this year said the language arbitrarily and capriciously exempted motor carriers from being assessed those demurrage and detention fees (see [ITT 09/23/2025](#) and [ITT 09/24/2025](#)).

The court struck down the portion of the rule in September, and the FMC said in a *Federal Register* [notice](#) released Dec. 23 and effective Dec. 29 that it's officially deleting the language, which was contained in 46 CFR 541.4

"This rule is a necessary administrative step following the court's order setting aside 46 CFR 541.4," the FMC said. "Per the court's decision, section 541.4 has no legal effect."

Although the court set aside that part of the rule, which limits which parties can be assessed demurrage and detention invoices, the FMC said the "other provisions of the rule remain in effect," including regulations describing the information carriers and marine terminal operators must include in their invoices, clarifications about what time frames parties must be billed, the processes for disputing charges, and more.

FDA to Maintain Collection of Traceability Records

The FDA is informing the Office of Management and Budget that it intends to continue to collect information related to the agency's efforts to maintain traceability records for certain foods. The FDA Food Safety Modernization Act requires the FDA to establish additional recordkeeping requirements for facilities that manufacture, process, pack or hold foods that the agency designates as high-risk to facilitate the rapid and effective traceability of such foods. The foods are on the Food Traceability List on the FDA's [website](#).

The regulation enables the FDA to identify and quickly locate contaminated or potentially contaminated food and inform the appropriate individuals and food facilities of specific terrorist threats, it said. Non-transporters' records should include the name and full contact information of sources, recipients and transporters; an adequate description of the food, including the quantity and packaging; and the received and shipping dates. Required records for transporters include the names of consignor and consignee, points of origin and destination, date of shipment, number of packages, description of freight, route of movement and name of each carrier participating in the transportation, and transfer points through which shipment moved.

Comments on the information collection are due by 11:59 p.m. on Feb. 9, according to a [notice](#) to be published in the Dec. 9 *Federal Register*.

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