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Customs Update: Tariffs & Tax

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Key US Tariff Announcements So Far

Target	Dates	24' Import Value	Applicable Rate	Authority
Canada	Started March 4	\$292 billion non-energy \$120 billion energy	25% non-energy 10% energy & potash 0% USMCA goods	IEEPA
Mexico	Started March 4	\$504 billion	25% 10% potash 0% USMCA goods	IEEPA
China	Effective Feb 4; Increased Mar 4	\$430 billion	10% Feb 4 increased to 20% March 4	IEEPA
Baseline Reciprocal Tariffs	Announced April 2 Effective April 5	NA	10% all countries	IEEPA
Individualized Reciprocal Tariffs	Announced April 2 Effective April 9	NA	Determined in reference to trade deficit	IEEPA



Individualized Reciprocal Higher Tariff

COUNTRY	RATE	COUNTRY	RATE
Australia	10%	New Zealand	10%
Bangladesh	37%	Pakistan	29%
Cambodia	49%	Peru	10%
Chile	10%	Philippines	17%
China	10% (before 34-125%)*	Singapore	10%
Colombia	10%	South Korea	25%
European Union	20%	Sri Lanka	44%
India	26%	Switzerland	31%
Indonesia	32%	Taiwan	32%
Japan	24%	Thailand	36%
Malaysia	24%	Turkey	10%
Myanmar (Burma)	44%	United Kingdom	10%
Nepal	10%	Vietnam	46%

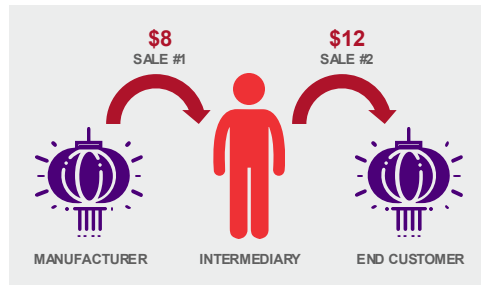
**non-exhaustive list

Primary Tariff Mitigation Strategies



CHANGE ORIGIN OF GOODS

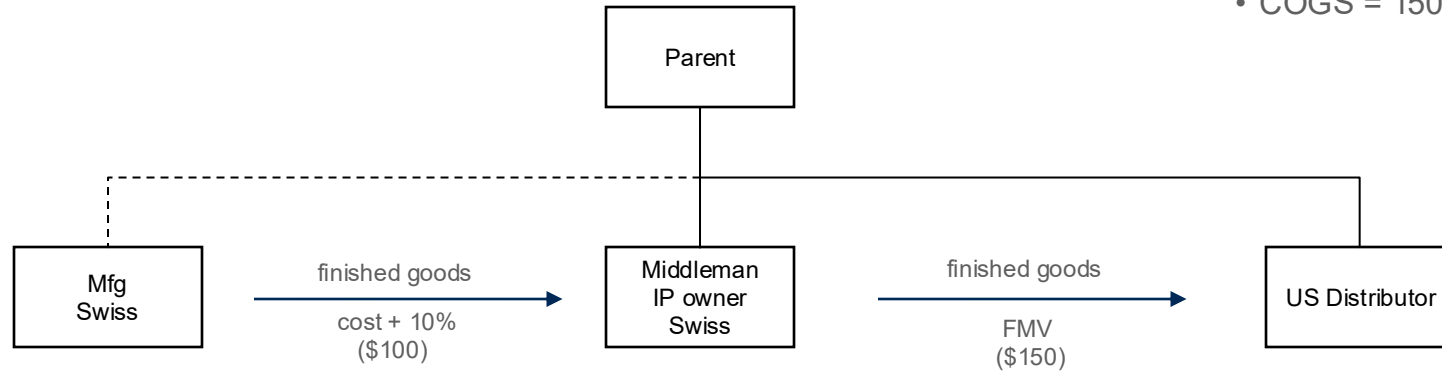
- Change supply source or key production location.
- Non-preferential rules of origin generally require substantial transformation.



OPTIMISE VALUATION

- Remove non-product related costs
- First sale for export

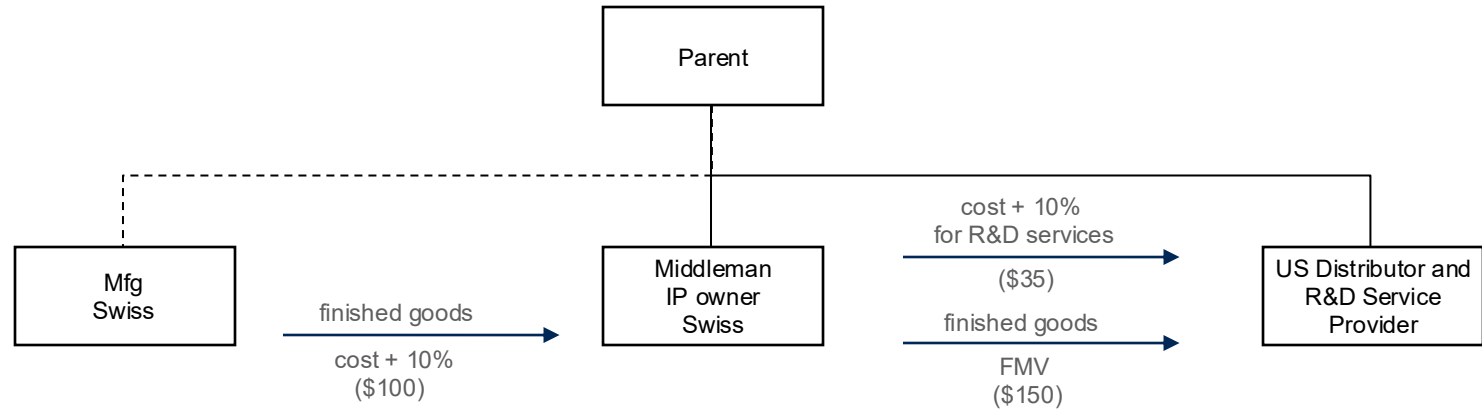
Basic Middleman Structure



- Customs value = 100
- COGS = 150

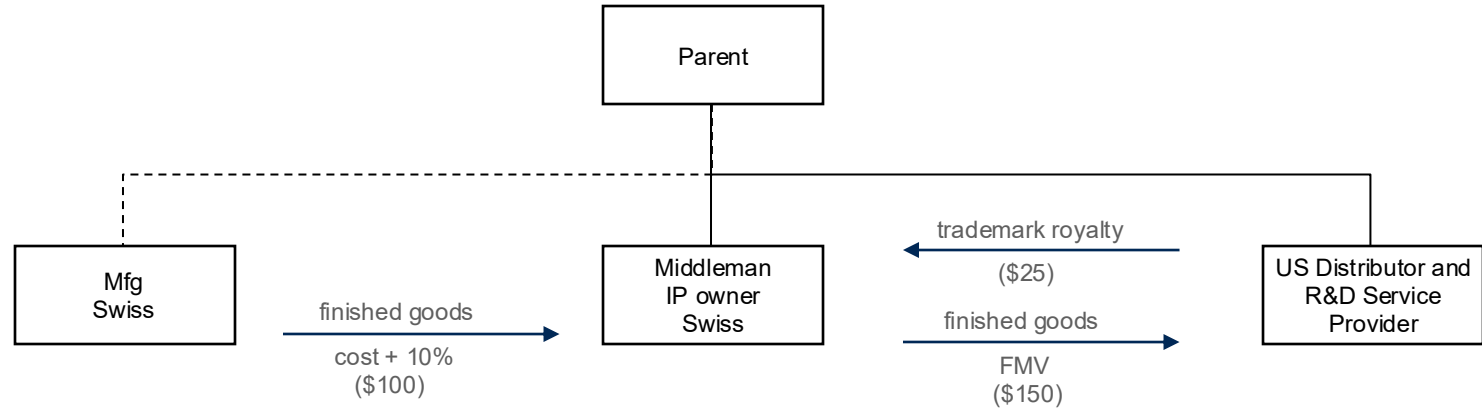
- Middleman must be a bona fide owner (flash title does not work)
- Documentation must demonstrate middleman is purchasing to import into the US
- Amount middleman pays to manufacturer must be arms' length
- Beware of risk under section 1059A and legislative proposals to make COGS BEAT-able

Middleman Purchasing R&D Services



- Customs value = 100
- COGS = 150
- How do results change if a foreign affiliate performs the R&D outside of the US?

Middleman Who Also Charges A Royalty



- Customs value = 100
- COGS = 175
- How do results change if middleman pays a \$10 royalty to a third party for a patent required to manufacture the product?

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