



# FAQ - 2025 Trade Policy & Tariff Changes

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## General Topics

### 1. What are tariffs and how do they work?

- Tariffs are taxes levied by a government on imported goods, increasing their cost upon entry. These taxes serve various purposes, such as protecting domestic industries, generating government revenue, and balancing trade relations. When a tariff is applied, the importer pays the additional duty at customs before the goods are released.

### 2. Who pays the tariffs?

- In general, the responsible party for payment of tariffs imposed on foreign goods is based on the incoterms of the shipment. Incoterms are a uniform set of international trade standards that outline who is responsible for transportation, cargo insurance, export and import formalities, payment of duties and taxes, and at what point risk transfers from the seller to the buyer.

### 3. Why is the tariff and taxes so high on my package?

- Each destination country determines the amount of duty and taxes according to the product being imported along with the country of origin and value of that product. Recent trade policy changes enacted by several countries have placed additional tariffs that have increased the duty and taxes for a wide variety of products.

### 4. What are Rules of Origin and how are Rules of Origin applied?

- Rules of Origin are the criteria used to determine a product's country of origin for trade and customs purposes. They are essential in applying tariffs, trade agreements and import restrictions. In this case, the Rules of Origin will ensure that all products from targeted countries are subject to tariffs, regardless of their routing to the U.S.

## 5. How do I determine the Country of Origin for my product?

- The rules of origin can be very straightforward in some cases and become extremely complicated in other cases. Where and how your product is produced, along with the origin of the materials used in the production all contribute to the country-of-origin determination.
- U.S. Customs regulation [19CRF 102](#) lays out the “Rules of Origin”. Below are the General Rules under 19CFR102.11:
  - Wholly obtained Goods: If a product is entirely made in one country wholly from products of the same country, it is easy to determine its origin.
  - Substantial Transformation: For products made from materials from different countries, U.S. Customs looks at whether the materials have been significantly changed into a new product. For example, if raw material from several countries is turned into a new product, that could drive the country of origin determination.
  - Minor Processing: Simple processes like repackaging or mixing ingredients do not usually count as substantial transformation.
  - Free trade Agreements (FTAs): If a product meets specific criteria under a trade agreement, it might qualify for a reduced tariff or duty-free treatment. These criteria can include where the materials come from and how much value is added in the manufacturing process.
- Even though the rules of origin have not changed, the addition of the IEEPA and Sec 232 tariffs have resulted in the rules of origin becoming even more important. UPS understands how this can impact our customers and want to support to the fullest extent. However, as the production process and origin of components for your products becomes more complex, we wish to stress that it is your responsibility to determine the correct country of origin.
- There are several different avenues you can take to assure you are being compliant with U.S. Customs regulations. Below are some recommended actions.
  - Review all U.S. Customs references:
    - I. [U.S. Customs Rules of Origin Regulations](#)
    - II. [U.S. Rules of Origin Informed Compliance Publication](#) – Provides additional resources for Rules of Origin determination.



III. [U.S. Customs Binding Ruling Program](#) – Provides an avenue for U.S. Customs to provide you a ruling on your country of origin for a specific product.

- Seek advice from a trade expert that will provide consultation on Rules of Origin.
- Please reach out to UPS Trade Advisory Services at [TradeAdvisoryServices@ups.com](mailto:TradeAdvisoryServices@ups.com).

## **6. How are shipments subject to formal entry handled vs. informal entry?**

- Please be informed that non-de minimis shipments will be subjected to formal entry or informal entry depending on various circumstances.

For formal entry, Merchandise Processing Fee (MPF) and duties and taxes as imposed by the customs, as well as UPS customs brokerage fees will be billed to shipper or consignee depending on the shipment's bill term.

For informal entry, UPS customs brokerage fees and applicable duties and taxes will be billed to shipper or consignee depending on the shipment's bill term.

You may also visit [here](#) to identify the harmonized tariff code for your goods. If you are shipping a single commodity that is valued over \$2,500 you will be required to fill out an Electronic Export Information (EEI) form. EEIs are filed electronically with ACE, either by you or UPS on your behalf.

## **7. How will increased tariffs impact my business?**

- While UPS cannot specifically advise how changes in the U.S. trade policies will impact individual sectors or businesses, these developments are expected to result in an increase in landed costs due to U.S. tariffs and shippers should expect adjustments to U.S. import declaration processes.

## **8. Should shippers expect additional processing time / delays due to new procedures / tariff implementation?**

- UPS takes every effort to prepare and mitigate the risk of service disruptions as new clearance procedures and tariff changes are announced. Depending on the complexity and nature of the tariff changes, shipments may incur delays.

## 9. How do I dispute a tariff charge?

- If you feel there is an error in the calculation of the duty and taxes assessed to your U.S. import shipment you can contact the UPS Billing group by using the number listed on your UPS billing invoice or contact the UPS Post Entry Department at [sdfpostentrydesk@ups.com](mailto:sdfpostentrydesk@ups.com).

## 10. What if I didn't provide the country of origin on my commercial invoice, how would UPS determine the appropriate tariff applied to my shipment? Will you hold my shipment and contact with shipper or importer?

- It is a requirement of U.S. Customs that the country of origin be included on the commercial invoice. If the country of origin is not provided UPS may contact the importer for additional information which could interrupt service.

## 11. How can UPS help?

Our priority is to help you minimize any disruption to your business. UPS has various small package, consolidated freight, warehousing, and customs brokerage solutions to mitigate backlogs and help you ship compliantly to the U.S.

- **Submit your customs forms digitally** with the [UPS Paperless® Invoice](#) to eliminate the need to attach multiple paper copies to a shipment
- **Clear customs and avoid holds or delays** leveraging cutting-edge AI technology with [UPS® Export Assure](#).
- **Eliminate surprise customs-related charges** by offering your customers a guaranteed landed cost using [UPS® Global Checkout](#).
- **Consolidate clearance and reduce costs** if shipping to multiple consignees in a single country with the [World Ease®](#) service.
- **Talk to a UPS Customs Brokerage expert** to explore how we can support your business with smoother customs clearance, standardized processing across multiple transportation modes, duty optimization, navigating global regulations, and [more](#).

## 12. What is the de minimis rule for U.S. Tariffs?

- The de minimis exemption allowed goods valued at or under \$800 USD per person, per day to enter the U.S. as duty-free and with expedited entry.

- Effective August 29, 2025, all U.S. imports, regardless of their value, country of origin, mode of entry, or how they are routed into the country, will now be subject to applicable U.S. duties and taxes when shipped via non-postal networks.

### **13. Where can I get more details regarding the recent U.S. Tariffs?**

- U.S. Customs and Border Protection has posted a list of frequently asked questions on their website. The link is <https://www.cbp.gov/trade/basic-import-export/e-commerce/faqs>. This includes information about:
  - Goods with country of origin of China/Hong Kong moving to the U.S. from other countries.
  - China/Hong Kong goods moving through international mail and de minimis eligibility.
  - Determining dutiable value for de minimis exemptions.
  - Articles not eligible for de minimis.
  - Entry type 86 limitations.
  - De minimis/ Section 321 limitations.
  - Power of attorney clarification
  - Anti-dumping/countervailing (AD/CVD) and de minimis

## **United States-Mexico-Canada Agreement FAQs**

### **1. The Certificate of Origin just seems like a more detailed version of the commercial invoice. If my goods are USMCA-compliant, do I need to submit both documents or is a commercial invoice on its own sufficient?**

- The commercial invoice and the USMCA certifications are different documents. While they contain similar data, the certificate is at the products level and the invoice is at the shipment level. If the shipment is below \$2,500, the shipper can include a certified statement on the commercial invoice stating the goods are USMCA eligible. The USMCA certificate can be sent with the shipment, or it can be sent as a blanket for those products and kept on file.

### **2. When do we need to indicate the origin criterion?**

- It is a requirement on the USMCA certificate.

### **3. Are brokerage fees only incurred if a good is tariffed**

- No, there are other brokerage fees outside of duty being paid. More details available [here](#).

### **4. Do U.S. customs agents have the liberty to impose tariffs/duties on USMCA-compliant goods?**

- Yes. However, if the goods are USMCA-certified they will not apply the duties.

### **5. Are there any other anticipated fees?**

- Yes. Please see published US Brokerage fees [here](#).

### **6. What happens if a customer refuses to pay the tariffs? Are packages returned after a certain time period? Do we need to specify the package be returned if refused? What are the fees associated with this?**

- The shipment can be returned to shipper, and the fees will be reversed to the shipper. Transportation fees for the returns will apply.

## **Trade Policy Updates**

### **August 25, 2025 – CBP Issues Guidance for Additional Duties on India-Origin Products**

#### **1. What are the new tariffs on U.S. imports from India?**

- Effective August 27, 2025, U.S. imports of India origin products will be subject to an additional 25% duty. This is in addition to the current 25% IEPPA reciprocal tariff rate. Some exceptions apply. More information is available [here](#).

### **August 12, 2025 - CBP Implements Changes to Aggregate De Minimis Shipments**

#### **1. What happens if the total value of my shipments exceeds \$800 in one day?**

- U.S. Customs and Border Patrol (CBP) implemented systemic changes to identify de minimis shipments that violate regulations by exceeding \$800 in aggregate value per importer/per day. Effective August 12, 2025, once the \$800 per importer/per day threshold has been met, all shipments are required to be entered as informal or formal entries, and the applicable duties and taxes will be due. More information is available [here](#) and [here](#).

## July 31, 2025 - Executive Orders Modifying U.S. Tariff Rates

### 1. What are the new tariff rates for U.S. trading partners?

- The White House released an [executive order](#) revising tariffs rates with trading partners.
  - Effective August 7, 2025, new tariff rates apply for all countries listed in [Annex I](#).
  - Any countries not listed will have a 10% tariff.
  - Additional tariffs on the European Union countries will apply only when the rate is below 15%.
- The White House also released an [executive order](#) increasing Canada's tariff rate.
  - Effective August 1, 2025, U.S. imports of goods from Canada will be charged a 35% tariff rate, up from 25%.
  - USMCA-qualified goods continue to be exempt.

### 2. Can I avoid these tariffs?

- Goods transshipped to evade these tariffs will face a 40% additional duty.

## July 31, 2025 - Proclamation Adjusting Import Duties on Copper and Copper Derivative Products

### 1. What are the new tariff rates on copper?

- Effective August 1, 2025, U.S. imports of semi-finished copper products (such as copper pipes, wires, rods, sheets, and tubes) and copper-intensive derivative products (such as pipe fittings, cables, connectors, and electrical components) from all countries will face a 50% tariff. More information is available [here](#).

## **2. Is this new tariff in addition to reciprocal tariffs?**

- Section 232 copper tariffs apply to the copper content of a product; non-copper content of a product remains subject to reciprocal tariffs or other applicable duties—these tariffs do not stack.
- Copper input materials (such as copper ores, concentrates, mattes, cathodes, and anodes) and copper scrap are not subject to Section 232 or reciprocal tariffs.

## **3. Is this new tariff in addition to the auto tariffs?**

- If a product is subject to Section 232 auto tariffs, the copper 232 tariffs do not apply.

# **July 30, 2025 - U.S. Executive Order Suspending De Minimis Exemption Globally**

## **1. What are the new U.S. changes to the de minimis exemption?**

- President Trump signed an [executive order](#) suspending the de minimis exemption for all low-value (under \$800) shipments to the United States, effective August 29, 2025

## **2. Which countries do the new changes apply to?**

- All U.S. imports, regardless of their value, country of origin, mode of entry, or how they are routed into the country, will now be subject to applicable U.S. duties and taxes when shipped via non-postal networks.

## **3. How does this affect postal shipments?**

- For goods shipped through the international postal system, duties will be assessed using either ad valorem duty (based on effective tariff rates) or specific duty (\$80-\$200 per item, depending on country of origin).

## **4. What are some best practices to avoid delays and stay compliant?**

- Provide complete and accurate commercial invoice information including:
  - i. Product details and description of goods
  - ii. Country-of-origin / manufacture of the goods
  - iii. 10-digit Harmonized Tariff Schedule of the United States (HTSUS)
  - iv. Quantity and value of items in the shipment
  - v. For shipments requiring formal entry, an Importer Tax ID with Employer Identification Number (EIN) or Social Security Number (SSN) is required

- Include the recipient's email and contact information to ensure UPS can contact the recipient for collection of duty and taxes or additional forms if necessary.

#### 5. How can UPS help?

- UPS has various small package, consolidated freight, warehousing, and customs brokerage solutions to mitigate backlogs and help you ship compliantly to the U.S.
- **Submit your customs forms digitally** with the [UPS Paperless® Invoice](#) to eliminate the need to attach multiple paper copies to a shipment
- **Clear customs and avoid holds or delays** leveraging cutting-edge AI technology with [UPS® Export Assure](#).
- **Eliminate surprise customs-related charges** by offering your customers a guaranteed landed cost using [UPS® Global Checkout](#).
- **Consolidate clearance and reduce costs** if shipping to multiple consignees in a single country with the [World Ease®](#) service.
- **Talk to a UPS Customs Brokerage expert** to explore how we can support your business with smoother customs clearance, standardized processing across multiple transportation modes, duty optimization, navigating global regulations, and [more](#).

## July 9, 2025 - U.S. Food and Drug Administration (FDA) Updates Guidance for De Minimis Shipments

### 1. What are the new FDA guidelines for de minimis shipments?

- Effective July 9, 2025, all U.S. imports of FDA-regulated products, regardless of quantity or value, are subject to the same regulatory requirements and must be submitted for FDA review. All prior exemptions for shipments of low-value FDA-regulated products are now rescinded. More information can be found [here](#).

## July 7, 2025 - Executive Order Extends Reciprocal Tariff Increases

### 1. What are the new changes to the proposed July 9 tariff changes?

- President Trump signed an [Executive Order](#) postponing the July 9 increases to IEPPA reciprocal tariffs to Aug 1, 2025. Current tariff rates for China and Hong Kong will not be affected by this Executive Order.

## **June 30, 2025 - Reduced Tariffs on U.K.-made Automobiles, Automobile Parts and Civil Aircraft Parts**

### **1. What are the new tariff rates for automobiles, automobile parts and civil aircraft parts manufactured in the U.K.?**

- Effective June 30, CBP will implement reduced tariffs on automobiles, automobile parts and qualifying civil aircraft parts manufactured in the United Kingdom. U.S. imports of automobiles and automobile parts made in the U.K. will be subject to a 10% total tariff, while qualifying civil aircraft parts will be exempt from duties. More information and a list of qualifying civil aircraft parts can be found [here](#).

## **June 28, 2025 - CBP Changes to Reporting Rules for U.S. Imports of Aluminum Derivatives**

### **1. How should shipments of aluminum derivatives be reported?**

- Effective June 28, if the country where an aluminum derivative product was cast and smelted is unknown, it must be reported as “UN.” Aluminum derivative U.S. imports listed as “UN” will face a 200% duty under Section 232 tariffs, in accordance with CBP guidance. If not specified on the commercial invoice, UPS will default the country of cast and smelt to “UN.” More information can be found [here](#).

## **June 4, 2025 - Increase to Tariffs on Steel and Aluminum**

### **1. What are the new tariff rates for steel and aluminum shipments?**

- Effective June 4, the tariff rate for imports of steel articles and derivative steel articles, and aluminum articles and derivative aluminum articles, was increased to 50% ad valorem. The duties apply to all steel content listed [here](#), and aluminum content listed [here](#).



- U.S. Customs and Border Patrol added new steel and aluminum derivative products that are subject to Section 232 tariffs, effective August 18, 2025. More details and a full list of the additional aluminum derivative products are available [here](#) and the new steel derivative products are available [here](#).

## **2. Which countries are affected by these changes?**

- Goods originating from Canada or Mexico should review the updated guidance on tariff stacking. Goods originating in the UK are exempt from the increase and will remain at a tariff rate of 25% until at least July 9. More information can be found [here](#).

## **May 28, 2025 - U.S. Court of International Trade Ruling on U.S. Tariffs**

On May 28, 2025, the U.S. Court of International Trade issued a ruling regarding the recent Worldwide, Reciprocal and Trafficking tariffs. U.S. Customs and Border Protection (CBP) has not issued official guidance on implementing any changes.

### **1. Will UPS continue to collect tariffs?**

- We will continue to collect all applicable tariffs and duties while awaiting clarifying information from CBP.

## **May 14, 2025 - Updates to U.S. and China Reciprocal Tariffs**

### **1. How will the U.S. and China tariffs change on May 14, 2025?**

- The U.S. will initiate a 90-day pause on the escalated tariffs on products of China origin (including Hong Kong SAR and Macau) by reducing the reciprocal rate to 10%, down from 125%.
  - The new added tariff rate on China and Hong Kong origin goods imported into the U.S. will be 30% (10% reciprocal tariff + 20% Fentanyl tariff).
- China will also lower its rate on U.S. imports to 10% for the same 90-day period.

## 2. Is the de minimis exception still suspended on goods of China origin (including Hong Kong and Macau)?

- Yes. Goods of China, Hong Kong SAR and Macau origin remain ineligible for de minimis treatment and do not qualify for duty-free entry. The de minimis exemption remains in effect for U.S. imports originating in other countries.

## 3. How should we understand the latest Executive Order mentioning “de minimis decrease for products of China and Hong Kong” and how it may impact shipments via Express clearance? Has de minimis resumed with a lower threshold?

- Goods made in China, Hong Kong SAR and Macau SAR still do not qualify for duty-free entry, regardless of their value or how they are routed into the U.S.
- All postal shipments from China, Hong Kong SAR and Macau SAR, regardless of their value, will be charged a 54% duty rate (down from 120%) or \$100 flat fee, per postal item. The planned June 2 increase to a \$200 flat fee per postal item is cancelled.

# April 17, 2025 - Updates to Tariffs on U.S. Imports to Canada

## What changes were announced on April 17, 2025?

- Canada has initiated a six-month suspension of the 25% tariffs on some U.S.-origin imports and motor vehicles from specific companies. *These Changes will be in effect from April 17, 2025 – October 16, 2025*
- This tariff suspension only applies to the following U.S. goods imported for Public Health, Public Safety, National Security; Health Care, or; Manufacture, Processing, or Packaging:
  - Steel and Aluminum (**HS codes can be found [here](#)**)
  - Certain goods (**HS codes can be found [here](#)**)
- The following specialty goods will also qualify for the tariff suspension (**HS codes can be found [here](#).**)
  - Specialized infant formulas
  - Nutrition formulas, metabolic products, formulated liquid diet or human milk fortifiers

- Medical compression garments
- Sterile barrier film or pouches for use in medical manufacturing

**Importers must inform their brokers of their eligibility, and the appropriate code will be entered for the calculation of taxes and duties.**

## **April 2, 2025 - U.S. “Liberation Day” Tariff Change Announcements**

### **Trade Policy & Tariff Changes**

#### **1. What new changes were announced on April 2nd, 2025?**

- Two U.S. Executive Orders were announced on April 2, 2025 detailing new tariffs and re-suspension of de minimis for goods originating in China.

#### **Reciprocal Tariffs**

- 10% tariff on all U.S. Imports shipped from all countries, effective April 9, 2025 at 12:01 A.M. EDT
- Higher individualized reciprocal tariffs will be applied on shipments from other countries with which the United States has the largest trade deficits, effective April 5, 2025
- Under this IEPPA Order, the President of the United States has authority to increase these tariffs as deemed necessary
- Shipments from Canada and Mexico remain subject to the IEPPA targeting Fentanyl / Migration, and therefore are unaffected by this order. This means USMCA compliant goods will continue to see a 0% tariff, non-USMCA compliant goods will see a 25% tariff, and non-USMCA compliant energy and potash will see a 10% tariff.
- In the event the existing fentanyl/migration IEPPA orders are terminated, USMCA compliant goods would continue to receive preferential treatment, while non-USMCA compliant goods would be subject to a 12% reciprocal tariff.
- Exceptions to the Reciprocal Tariffs include:

- a. (1) articles subject to 50 USC 1702(b);
- b. (2) steel/aluminum articles and autos/auto parts already subject to Section 232 tariffs;
- c. (3) copper, pharmaceuticals, semiconductors, and lumber articles;
- d. (4) all articles that may become subject to future Section 232 tariffs;
- e. (5) bullion; and
- f. (6) energy and other certain minerals that are not available in the United States.

#### De Minimis

- Effective May 2, 2025 at 12:01 A.M. EDT, the U.S. will reinstate their previous decision to end duty-free entry for low-value Chinese goods into the U.S.

## **2. When will the new tariffs be applied?**

- The 10% tariff on all U.S. Imports shipped from all countries is effective April 5, 2025 at 12:01 A.M. EDT
- The higher individualized reciprocal tariffs applied on shipments from other countries with which the United States has the largest trade deficits are effective April 9, 2025 at 12:01 A.M. EDT
- Reinstatement of the de minimis suspension on for low-value Chinese goods into the U.S. takes effect on May 2, 2025 at 12.01 A.M. EDT

## **3. If shipments are picked up before the end of March and held at origin due to capacity constraints, will they be exempt from the new regulations since they are already in UPS's facility/network prior to April 5th, 2025?**

- The merchandise must be entered for consumption or withdrawn from warehouse for consumption before 12:01 a.m. ET on April 5th. "Goods entered for consumption" refers to the good being released for consumption.
- The release time and date is received directly from U.S. Custom's systems.
  - Scenario 1: If the goods arrived to destination country after 12:01 a.m. ET on April 5th, 2025 they will be subject to the additional duties.

- Scenario 2: If the goods arrived on the 4th and the shipment is held and not released until the 6<sup>th</sup>, then the additional tariffs will be charged since the shipment was not released by April 5th, at 12:01 am EST.

#### **4. What is the proof that shipments were "loaded onto a vessel at the port of loading or in transit"?**

- The proof that shipments were "loaded onto a vessel at the port of loading or in transit" is typically provided when the Master Air Waybill (MAWB) is linked to the shipment, which is usually visible once the shipment is in transit.

#### **5. If some shipments are subject to additional tariffs due to delayed import or arrival, can UPS Brokerage waive the disbursement fee based on the earlier "planned import date," which was before April 2, 2025?**

- UPS does not automatically waive disbursement fees. However, each situation will be reviewed individually, and we will assess them on a case-by-case basis.

#### **6. How are goods of China or Hong Kong SAR origin from non-China gateways treated? E.g. Made-in-China goods shipped from Australia to an importer in the U.S.**

- Per international trade practice, U.S. Rules of Origin will be used to ensure that the tariffs are applied to goods of Chinese and Hong Kong SAR origin. This is regardless of how shipments are routed to the U.S. We advise our customers to assure that they can provide substantiation of the country of origin as U.S. Customs can request proof of a Certificate of Origin (COO) at any time.

#### **7. How are goods of non-China or Hong Kong SAR origin but exported from a Chinese port treated?**

- Per international trade practice, U.S. Rules of Origin will be used to ensure that the tariffs are applied to all products of China/Hong Kong SAR origin, regardless of how they are routed to the U.S. If goods are not made in China or Hong Kong SAR, these would not be tariffed under this Executive Order and de minimis will continue to apply. We advise our customers to assure

that they can provide substantiation of the goods country-of-origin as U.S. Customs can request proof of Certificate of Origin (COO) at any time.

## **8. How will the tariffs that were made effective April 5, 2025 impact non-de minimis shipments?**

- Under the U.S. reciprocal IEEPA tariffs effective April 5th at 12:01 a.m. EST, all shipments that are not eligible for de minimis will now require the addition of a designated Chapter 99 HTS to assign the appropriate IEEPA tariff rate.
- This may drive additional U.S. Customs fees as in most cases, each shipment may be required to be entered under a formal entry type.
- Example: The formal entry type requires the payment of a Merchandise Processing Fee (MPF) which has a minimum of \$32.71.
- For more information regarding the U.S. Customs entry type requirements please see 19 CFR 143.21.

## **9. Under the U.S. trade policy changes effective on April 5, how will the entry type (informal / formal) be determined?**

- If there's any single commodity above \$250 within the same shipment (even if the shipment is below \$2500), a formal entry will be required starting on April 5<sup>th</sup>. This is regardless of the entry type was previously determined.

# **March 2025 - Updates and Amendments to U.S. Executive Order 14194 (CN, CA, and MX)**

## **1. What new changes have been announced in March?**

- Effective March 4, 2025, a 25% tariff will be applied on all goods of Canada and Mexico origin
  - Energy resources (oil, natural gas, and electricity) from Canada are subject to a 10% tariff.
  - These increased tariffs were originally scheduled to take effect on February 4 but were delayed for 30 days.

- Per Executive Orders dated March 2, 2025, duty-free de minimis exemption is available on all products of Canada and Mexico origin. The de minimis exemption shall cease to be available for these goods upon notification by the Secretary of Commerce to the President that adequate systems are in place to fully and expeditiously process and collect tariff revenue.
- Effective March 4, 2025, the additional tariff rate for China / Hong Kong SAR origin goods, previously set at +10%, has been amended to +20%, on top of any existing tariffs.
  - Per Executive Order dated Feb 5, 2025, duty free de minimis exemption is available for China/Hong Kong SAR origin goods. This is pending notification by the Secretary of Commerce that adequate systems are in place to fully and expeditiously process and collect tariff revenue.
- In response to the U.S. tariffs on Canadian origin goods, Canada will apply a 25% surtax on select U.S.-origin goods as of March 4, 2025.

The surtax applies to goods imported from the U.S., including those that may be eligible for the remission of customs duties, sales and/or excise taxes under the *Postal Imports Remission Order* or the *Courier Imports Remission Order*. A UPS Entry Prep Fee of \$7.00 per entry and any other additional fees like Disbursement Fees may now apply to commodities valued under \$40. For more detail view the [2025 UPS® Canada Rate & Service Guide](#).

## **2. Will Canada's 25% surtax on goods imported from the U.S. include shipments below \$40 CAD (de minimis)?**

- Yes, the surtax applies to goods imported that have a country of origin of U.S., including those that may be eligible for the remission of customs duties, sales and/or excise taxes under the *Postal Imports Remission Order* or the *Courier Imports Remission Order*

## **3. When does the new surtax take effect?**

- Phase 1 of the surtaxes went into effect on March 4, 2025.
- Response to the U.S. tariffs on Steel and Aluminum went into effect on March 13, 2025.

- Note that goods in transit at the time of the coming into force are not impacted.

#### 4. Who is impacted by the surtax?

- The surtax applies to both commercial and casual/non-commercial resident and non-resident importers of U.S.-origin goods into Canada.

#### 5. How is the surtax calculated?

- The surtax is calculated as 25% of the value for duty (VFD) of the imported goods. This is in addition to any other duties and taxes owed.

Example 1:

The VFD of an imported good subject to a surtax is \$150. The imported good has a Most Favored Nation (MFN) duty rate of 0%. The applicable surtax is 25%, as per the Schedule to the United States Surtax Order (2025-1).

The amount of surtax is calculated as follows:

- $\$150 \text{ (VFD)} \times 0.25 \text{ (\% surtax)} = \$37.50 \text{ (surtax payable)}$

Customs duties and taxes are to be calculated as follows:

- $\$150 \text{ (VFD)} \times 0 \text{ (\% MFN duty)} = \$0 \text{ (customs duty)}$
- $\$150 \text{ (VFD)} + \$37.50 \text{ (surtax payable)} + \$0 \text{ (customs duty)} = \$187.50 \text{ (value for tax)}$
- $\$187.50 \times 0.05 \text{ (\% GST)} = \$9.38 \text{ (GST)}$
- Total of surtax, customs duty, and GST payable is  $\$37.50 + \$9.38 = \$46.88$

Example 2:

The VFD of an imported good subject to a surtax is \$150. The imported good has a Most Favored Nation (MFN) duty rate of 5% and is subject to anti-dumping duties of \$34. The applicable surtax is 25%, as per the Schedule to the United States Surtax Order (2025-1).

The amount of surtax is calculated as follows:

- $\$150 \text{ (VFD)} \times 0.25 \text{ (\% surtax)} = \$37.50 \text{ (surtax payable)}$

Customs duties and taxes are to be calculated as follows:



- $\$150 \text{ (VFD)} \times 0.05 \text{ (\% MFN duty)} = \$7.50 \text{ (customs duty)}$
- $\$150 \text{ (VFD)} + \$37.50 \text{ (surtax payable)} + \$7.50 \text{ (customs duty)} + \$34.00 \text{ (anti-dumping duties)} = \$229.00 \text{ (value for tax)}$
- $\$229.00 \times 0.05 \text{ (\% GST)} = \$11.45 \text{ (GST)}$
- Total of surtax, customs duty, anti-dumping duty, and GST payable is  $\$37.50 + \$34.00 + \$7.50 + \$11.45 = \$90.45$

## 6. What is the Value for Duty (VFD)?

- The primary method used to calculate VFD is the 'Transaction Value Method.' Using this method, the VFD is based on the price paid or payable for the goods. For more details, refer to [Memorandum D13-3-1](#).

## 7. Does the surtax apply to casual/non-commercial goods that qualify for de minimis treatment?

- Yes, the surtax applies even to U.S.-origin goods eligible for de minimis treatment under the [Courier Imports Remission Order](#).

## 8. Are there any exceptions to the surtax?

- Yes, the surtax does not apply to:
  - Goods in transit to Canada on or before March 4, 202 or March 13 for retaliatory tariffs in response to U.S. tariff on Steel and Aluminum.
  - Goods entering a sufferance warehouse on or before March 4, 2025.
  - Goods returning to Canada that were previously imported and duty paid.
  - Goods imported for repair/alteration or returning after repair/alteration in the U.S.
  - Certain goods classified under Chapter 40, Chapter 98, or Chapter 99 of the [Canadian Customs Tariff](#).
  - Goods eligible for remission under the [Akwasasne Residents Remission Order](#).

## **9. Do goods classified under Chapter 98 or Chapter 99 qualify for exceptions?**

- Yes, except for specific HS codes listed in the order (e.g., 9804.30, 98.25, 98.26, 9897.00.00, 9898.00.00, 9899.00.00, 9966.00.00, 9971.00.00, and 9989.00.00).

## **10. What goods classified under Chapter 40 qualify for exceptions?**

- Goods under heading 40.11 that are for use as original equipment in the production of any vehicle, machine or appliance referred to under that heading, including Original Equipment Manufacturer (OEM) tires.

## **11. Who would be responsible for paying the surtax?**

- The party (individual or business) acting as the importer of record for the goods would be responsible for paying the surtax, along with any applicable duties and taxes.

## **12. Can importers claim relief for surtax paid?**

- Yes, the [Duties Relief](#) and [Duty Drawback](#) programs are available for surtax paid or payable, subject to the provisions of the [Canada-United States-Mexico Agreement \(CUSMA\)](#).

## **13. Where can I find the complete list of impacted goods?**

- The complete list of impacted goods is available in the Schedule of the United States Surtax Order (2025-1), organized by 6-digit HS codes. Alternatively, you can find a complete list of impacted goods organized by 8-digit HS codes and corresponding descriptions on the Department of Finance Canada website.

## **14. Where can I get more information about surtaxes?**

- Refer to [Memorandum D16-1-1](#) for detailed information on the application, collection, and adjustment of surtaxes, or visit the [Government of Canada's Trade Commissioners website](#).

## **15. Who can I contact for further assistance?**

- For more information, contact the Border Information Service (BIS):
  - Toll-free in Canada and the U.S.: 1.800.461.9999

## **16. What should Canadian importers do to prepare for the surtax?**

- Importers should:
  - Review the list of impacted goods on the [Department of Finance Canada website](#).
  - Ensure proper proof of origin documentation is available for commercial goods.
  - Verify the country of origin markings for casual goods.
  - Explore relief options under the Duties Relief and Duty Drawback programs. Outside Canada and the U.S.: 1.204.983.3500 or 1.506.636.5064.

## **17. Is the surtax permanent?**

- The surtax is subject to change. Importers should stay updated on any amendments or revocations of the order.

# **Steel & Aluminum Tariffs**

## **Trade Policy & Tariff Changes**

### **1. What are the new planned tariffs for import of Steel and Aluminum into the U.S.?**

- A Presidential Proclamation was issued on Feb 10th regarding additional action be taken on imports of steel and aluminum and derivative products.

- This action will include a 25% additional tariff and enforced on all origin countries.
- Additional information can be found at the U.S. Customs and Border Protection website (<https://www.cbp.gov/trade/programs-administration/entry-summary/232-tariffs-aluminum-and-steel/faqs>)

## **2. When does the new planned tariffs take effect for import of Steel and Aluminum into the U.S.?**

- The effective date is March 12, 2025

## **3. How do I report the steel or aluminum content to ensure the tariffs are applied only to the content value for derivatives rather than the full value?**

- The additional duty will only be charged on the value of the steel/aluminum content
- The commercial invoice should provide a break-out of non-steel/non-aluminum value vs steel/aluminum content value and weight (in kg). The total of those two lines should equal the full value of the imported product.

## **4. What happens if I do not know the value breakout of the steel/aluminum of the derivative?**

- Per U.S. Customs, the full value of the derivative will be subject to the 25% 232 duties.

## **5. If the derivative article contains no steel or aluminum, will I be subject to the tariffs?**

- No. Please be sure to indicate on the commercial invoice that this contains no steel or aluminum.

## **6. Do I need to report the country of smelt/cast (aluminum) or melt/pour (steel) for derivatives?**

- Yes, CBP will now require this data to be reported on the entry. For steel, if the country of melt/pour is unknown, you may report “OTH.”

**7. What sort of records should I keep as relates to the steel/aluminum content value of my shipments?**

- The recommendation is to maintain a bill of material for each imported product. This will need to be presented to CBP upon request, so it must be maintained for 5 years.

**8. What sort of records should I keep to support the country of melt/pour (steel) or smelt/cast (aluminum)?**

- A steel mill test certificate, or an aluminum certificate of analysis usually contains this information.

## **February 2025 - U.S. Executive Order 14194 (CN, CA, and MX)**

### **Trade Policy & Tariff Changes**

**1. What are the tariff changes?**

- As of 12:01 am on February 4, 2025, an additional 10% tariff will be imposed on all goods from China with de minimis suspended. These developments are expected to result in an increase in landed costs and shippers should expect adjustments to U.S. import declaration processes.
- Suspension of de Minimis treatment of goods originating in China, including Hong Kong SAR, has been delayed pending notification by the Secretary of Commerce that adequate systems are in place to fully and expeditiously process and collect tariff revenue.

## **2. When will the new tariffs be applied?**

- February 4, 2025, at 12:01 a.m. (EST) for China/Hong Kong SAR tariffs. Canada and Mexico are delayed for at least 30 days while negotiations are ongoing.

## **3. How will the new China/Hong Kong SAR tariffs be applied?**

- The tariffs will be applied to products of China/Hong Kong SAR, based on the Federal Register Notice.

## **4. Can I still claim De Minimis (below \$800 USD per day)?**

- The U.S. Executive Orders effective February 4, 2025, imposed on all China and Hong Kong SAR goods, included a suspension of de minimis.
- This suspension of de minimus treatment of goods originating in China, including Hong Kong SAR, has been delayed pending notification by the Secretary of Commerce that adequate systems are in place to fully and expeditiously process and collect tariff revenue.

## **5. Are the tariffs announced on February 1, 2025 eligible for duty drawback?**

- No drawback shall be available with respect to the additional duties imposed pursuant to this Executive Order.

## **6. With the amendment announced on February 7th delaying suspension of de Minimus treatment of goods originating in China, including Hong Kong SAR, is the 10% additional tariff still in effect?**

- Yes, the 10% additional tariff is still in effect.

## **7. When does the amendment announced on February 7th (reversal of the suspension for de Minimus) take effect?**

- The reversal, outlined in Customs Messaging System CSMS # 64045612 - UPDATED GUIDANCE: ACE Processing of De Minimis Shipments Per Executive Orders issued February 1, 2025, and as Amended on February 5, 2025, is effective as of February 4, 2025.

## **Application of New Changes**

### **1. If shipments are picked up before the end of January and held at origin due to capacity constraints, will they be exempt from the new regulations since they are already in UPS's facility/network prior to February 1st, 2025?**

- There are two timelines under which a shipment can be exempt from the new regulations:
  - The shipment containing goods with China or Hong Kong SAR Country of Origin (COO) is loaded onto a vessel and in transit to the U.S. before February 1st, 2025, at 12:01 AM EST.
  - The goods with China or Hong Kong SAR COO are “entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01am, ET on February 4, 2025, and before 12:01am, ET on March 7, 2025.” (9903.01.23)
- If your shipment does not meet either of these criteria, it will be subject to the new regulations. Even if shipments are held in a warehouse due to delays, they will not be exempt. An amendment to the Executive Order issued on February 1st, 2025, was issued to delay the suspension of de minimis treatment of goods originating from China, including Hong Kong SAR, until further notice. This delay will remain in effect until the Secretary of Commerce notifies the President that adequate systems are in place to fully and expeditiously process and collect tariff revenue.

### **2. What is the proof that shipments were "loaded onto a vessel at the port of loading or in transit"?**

- The proof that shipments were "loaded onto a vessel at the port of loading or in transit" is typically provided when the Master Air Waybill (MAWB) is linked to the shipment, which is usually visible once the shipment is in transit.

**3. If some shipments are subject to additional tariffs due to delayed import or arrival, can UPS Brokerage waive the disbursement fee based on the earlier "planned import date," which was before February 4, 2025?**

- UPS does not automatically waive disbursement fees. However, each situation will be reviewed individually, and we will assess them on a case-by-case basis.

**4. How are goods of China or Hong Kong SAR origin from non-China gateways treated? E.g. Made-in-China goods shipped from Australia to an importer in the U.S.**

- Per international trade practice, U.S. Rules of Origin will be used to ensure that the tariffs are applied to goods of Chinese and Hong Kong SAR origin. This is regardless of how shipments are routed to the U.S. We advise our customers to assure that they can provide substantiation of the country of origin as U.S. Customs can request proof of a Certificate of Origin (COO) at any time.

**5. How are goods of non-China or Hong Kong SAR origin but exported from a Chinese port treated?**

- Per international trade practice, U.S. Rules of Origin will be used to ensure that the tariffs are applied to all products of China/Hong Kong SAR origin, regardless of how they are routed to the U.S. If goods are not made in China or Hong Kong SAR, these would not be tariffed under this Executive Order and de minimis will continue to apply. We advise our customers to assure that they can provide substantiation of the goods country-of-origin as U.S. Customs can request proof of Certificate of Origin (COO) at any time.

**6. Do the new U.S. Trade policy changes apply to healthcare products?**

- Yes. Healthcare products are impacted the same way as other commodities. For example:
  - If a healthcare good is currently exempt from Section 301 tariffs, which many are, they will now pay the new 10%. No exclusions.



- If a healthcare company is housing China-origin goods in a warehouse in Mexico or Canada and shipping de minimis, that exemption is no longer available.
- Update February 7, 2025: Suspension of de Minimis treatment of goods originating in China, including Hong Kong SAR, has been delayed until further notice.

## **7. If my shipment is sent under the Delivered Duty Unpaid (DDU) incoterm, what is the UPS processing flow for B2C shipments with value below USD 800? Is it confirmed to be all under COD?**

- The Executive Orders clarify that de minimis treatment is suspended for all impacted goods. As such, regardless of value, all goods imported from China, including Hong Kong SAR, will be subject to the applicable duties, and the waiver of duties under Section 321 (U.S. de minimis) is no longer applicable.

Duties and taxes can be billed to the shipper, receiver or a third party. When billing a third party, the third party's name, country or territory and account number are required. If the duties and taxes are billed to an account outside of the destination country or territory, a "Duty and Tax Forwarding" surcharge will be applied.

- Update February 7, 2025: Suspension of de Minimis treatment of goods originating in China, including Hong Kong SAR, has been delayed until further notice.

## **8. Are there any special commodities that could enjoy tariff exemptions (ex. dental, etc.)?**

- Please refer to below extract from U.S. CBP Guideline and please note all information presented in this document is for informational purposes only and should not be interpreted as official policy or professional advice. Should specific guidance be required, customers should seek advice from qualified professionals.

Source: CSMS # 63988468 - GUIDANCE: Additional Duties on Imports from China. For the following products excluded from the additional duties, one of the following HTS classifications apply:

- **9903.01.21:** Articles the product of China and Hong Kong SAR that are donations, by persons subject to the jurisdiction of the United States, of articles, such as food, clothing, and medicine, intended to be used to relieve human suffering.
- **9903.01.22:** Articles the product of China and Hong Kong SAR that are informational materials, including but not limited to, publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, compact disks, CD ROMs, artworks, and news wire feeds.
- **9903.01.23:** Except for products described in headings 9903.01.21 and 9903.01.22, and other than products for personal use included in accompanied baggage of persons arriving in the United States, articles the product of China and Hong Kong SAR that: (1) were loaded onto a vessel at the port of loading, or in transit on the final mode of transport prior to entry into the United States, before 12:01 a.m. eastern standard time on February 1, 2025; and (2) are entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern standard time on February 4, 2025, and before 12:01 a.m. eastern standard time on March 7, 2025.

The additional ad valorem duty provided for in new HTSUS heading 9903.01.20 applies in addition to all other applicable duties (including antidumping and countervailing duties), taxes, fees, exactions, and charges.

## **Billing & Fees**

### **1. Regarding certain customs clearance-related fees, such as Government Charges, Brokerage Fees, and Disbursement Fees, which were previously levied alongside customs duties, are these fees still collected with the duties regardless of the duty amount?**

- Yes, these fees are still collected along with the duties, regardless of the duty amount.

## 2. Are duties applicable for shipments that were cleared between February 4 and February 7, 2025, before this reversal took place?

- All shipments valued at U.S. \$800 or below cleared after 12:01 AM, February 4, 2025, except for those deemed ineligible for de minimis entries such as controlled items, are duty free.
- Shipments above U.S. \$800 in value are still subject to the applicable additional 10% duty. UPS is reviewing the issue of send-again(s) in circulation with multiple delivery attempts due to outstanding duty and brokerage COD.

## 3. What are the U.S. Brokerage fees that could be imposed due to the new tariff changes?

- Some common U.S. Brokerage fees (in USD) that may be imposed due to the new tariff changes are:

Service	Explanation	Fee
<b>BONDS (CONTRACT ONLY)</b>		
<b>Continuous Transaction Bond</b>	– One-year import bond for all entries made in a single year with up to \$50,000.00 coverage. – Required under special circumstances.	\$535.00
<b>Single Entry Bond (SEB)</b>	– One-time import bond issued to ensure compliance with U.S. laws and regulations. – When an SEB is necessary, UPS will contact the importer prior to customs clearance.	\$5.00 per \$1,000.00 (Minimum \$50.00)
<b>SPECIAL ENTRIES</b>		
<b>Entry-Line Charge After First Three Lines</b>	– A fee applies when more than three entry lines are entered. – UPS is not responsible for consolidating entry lines for customs clearance, including lines that have the same Harmonized Tariff Code and Country of Origin.	\$3.00/line
<b>OTHER SERVICES</b>		
<b>Disbursement Fee</b>	– Customers are responsible for payment of duty and taxes. – Fee of 2% (Minimum \$14.00) of the amount paid or processed by UPS on behalf of the customer will be charged.	2% of Duty/Tax (Minimum \$14.00)
<b>Merchandise Processing Fee</b>	– A non-refundable fee charged by U.S. Customs and Border Protection for administrative expenses for processing certain imported shipments. The fee will not apply if the goods qualify under applicable free trade agreements.  For Air shipments: – Applicable only for formal entries (customs value more than \$2,500.49 or as required by regulation). For Ground shipments: – Applicable for both informal and formal entries	Based on the value of merchandise; minimum and maximum fees may apply <b>Ad Valorem Rate:</b> 0.3464% of the value of the merchandise. <b>Minimum Fee:</b> \$32.71. <b>Maximum Fee:</b> \$643.62
<b>Warehouse Storage – Air/Ground - Per Day After Two Days</b>	– Assessed when shipments remain in the UPS warehouse after the two free days regardless of the customs broker.	\$25 Minimum + \$0.05 per lb. per day after two days; \$0.10 per lb. per day after 7 days

**4. Since the de minimis revocation has been reversed, can a customer request a refund for duties and taxes, the UPS Brokerage fee and the Duty & Tax Forwarding Surcharge for the shipment sent on or before February 7, 2025?**

- If the package was imported into the U.S. on or prior to February 7th, UPS is not able to provide refunds for Duties and Taxes paid, UPS Brokerage fees, and the Duty & Tax Forwarding Surcharge.
- Without further clarification from the U.S. administration from the period of February 1st to February 7th – our brokerage teams acted in good faith to present to customs, rate, and clear shipments according to the policies in effect at the time.
- As the broker, UPS has already paid the duty and taxes to U.S. Customs on behalf of the importer.
- Since the amendment on February 7th to the Executive order to delay the suspension of de minimis shipments was released, CBP has notified carriers and brokers that they will not provide refunds for the duties and taxes imposed on shipments imported during the period from February 4th to February 7th.

**5. What happens if a consignee refuses to pay the duties and taxes invoiced on their international shipment?**

- UPS will attempt to collect payment from these invoices through the normal collections process.
- If after the collection process the invoice is still not collected from the consignee (a max 42-day process from the invoice date), the invoice will be reversed back to the origin to attempt to collection from the shipper.