



# TRADE+TARIFF TUESDAYS

Avalara

May 6, 2025

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➤ **Meet your presenters**

# Meet your presenters



**Craig Reed**

*General Manager,  
Cross-Border*



**Patrick Frith**

*Sr. Director of Growth,  
Cross-Border*



# Agenda

**01**    **The latest news in trade compliance**

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**02**    **Implications to your business**

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**03**    **Take action with Avalara**

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**04**    **Q&A**

## POLL QUESTION #1

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How many de minimis shipments came into the U.S. in 2024?

**A** \$800 million

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**B** \$1 billion

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**C** \$1.4 billion

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**D** \$2.1 billion



➤ **The latest news in trade and tariffs**



# Why the whiplash?

“Liberation day” brought sweeping tariffs, retaliatory actions from major trade partners, and changes to de minimis exemptions

As promised, Trump rolled out sweeping tariffs on April 2 (now paused), in his first press conference since returning to the Oval Office.

Stated reasons for these tariffs include:

- Tariff deficits were deemed a 'national emergency' by Trump
- To free the U.S. from dependence on foreign goods
- An attempt to stop the flow of fentanyl and illegal migrants into the U.S.

Most products traded between Canada, Mexico, and the U.S. are free from tariffs under USMCA – until now.

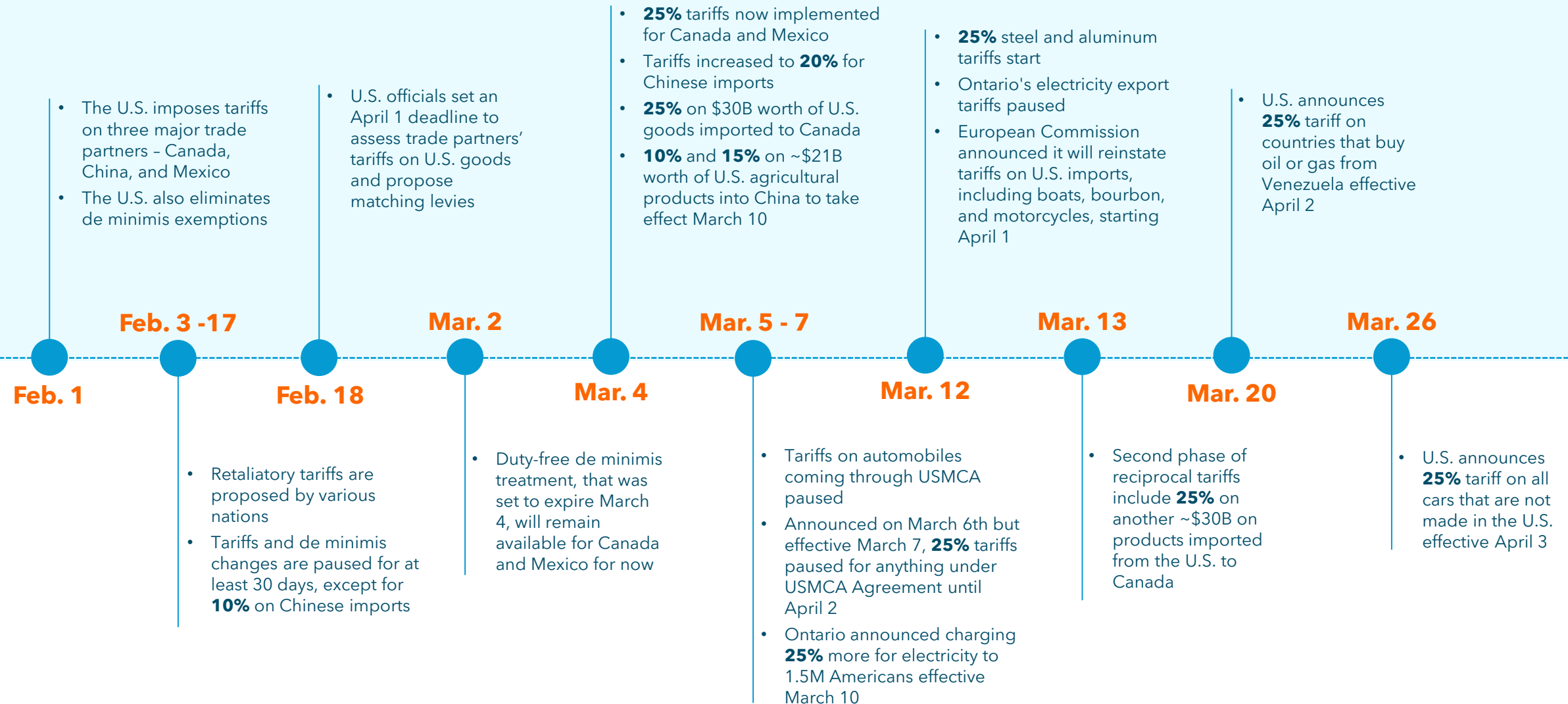
## Keep up with these changes:

- [How to prepare for Trump tariffs](#) - Avalara
- [What you need to know about the US-Canada trade war](#) - Avalara
- [How to handle U.S.-China tariffs and the end of de minimis](#) - Avalara
- [De minimis exemption changes are coming: Is your business ready?](#) - Avalara
- [Trump steel and aluminum tariffs: What you need to know](#) - Avalara



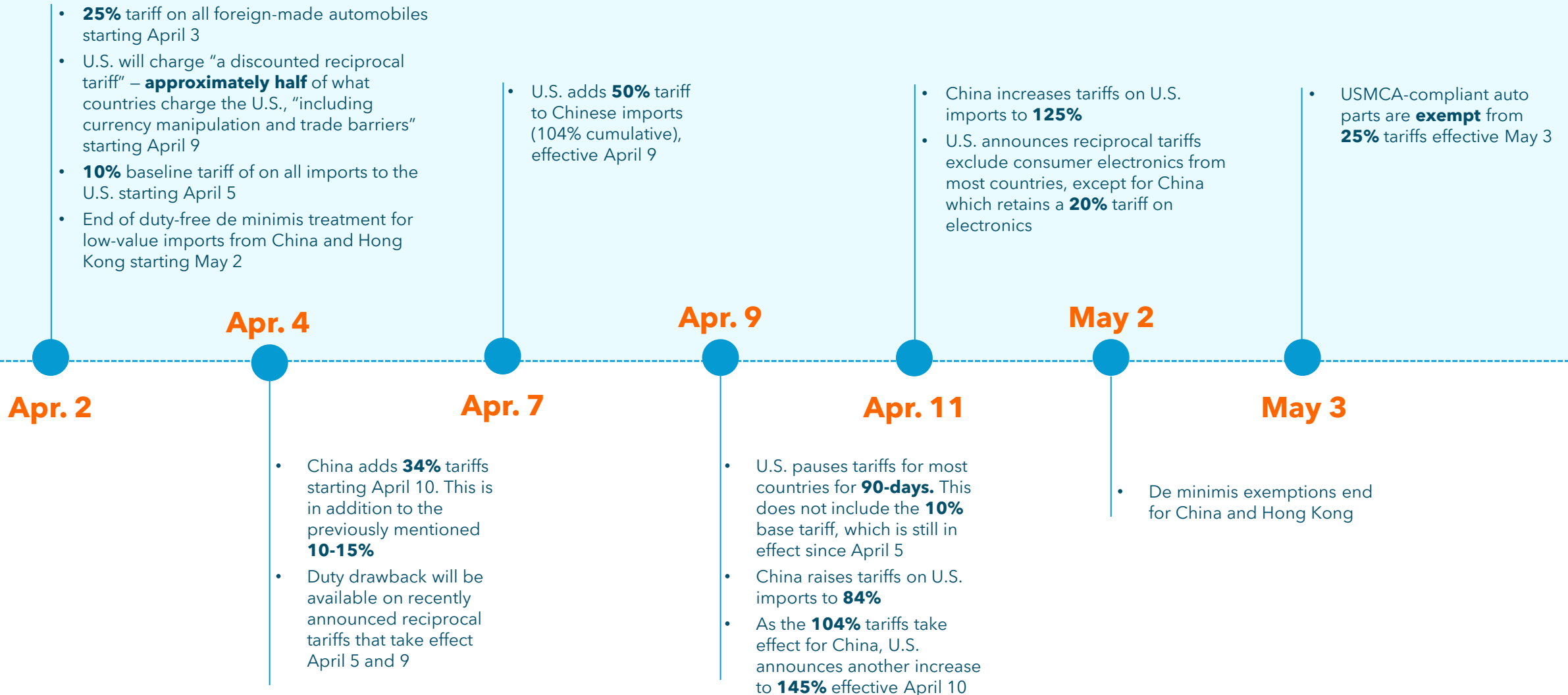
# Timeline of events - 2025

Tracking the changes as of May 5



# Timeline of events - 2025

Tracking the changes as of May 5



# What was announced on “Liberation Day”

Information from President Trump’s April 2 Rose Garden press conference

On pause for 90-days  
(except for China & baseline 10%)

	Tariffs charged to the U.S. (including currency manipulation and trade barriers)	U.S. discounted reciprocal tariffs	Effective date		U.S. imposed tariffs	Effective date
China	67%	34%	April 9, 2025, at 12:01 a.m. ET	Canada	25% on non-USMCA compliant goods 10% on non-USMCA compliant energy and potash	March 4, 2025, at 12:01 a.m. ET
European Union	39%	20%		Steel and aluminum articles from most countries	25%	March 12, 2025, at 12:01 a.m. ET
Vietnam	90%	46%		Mexico	25% on non-USMCA compliant goods (including energy products)	March 31, 2025, at 12:01 a.m. ET
Taiwan	64%	32%		Good imported from countries that buy oil or gas from Venezuela	25%	April 2, 2025, at 12:01 a.m. ET
Japan	46%	24%		Automobiles made outside of the U.S.	25%	April 3, 2025, at 12:01 a.m. ET
India	52%	26%		Semiconductors, pharmaceuticals, and timber	25%	April 3, 2025, at 12:01 a.m. ET
South Korea	50%	25%		Minimum baseline tariff on all imports	10%	April 5, 2025, at 12:01 a.m. ET
Thailand	72%	36%				
Cambodia	97%	49%				
United Kingdom	10%	10%				

# Where are we now?

As of May 5<sup>th</sup>, 5pm PST

As of April 9, 2025, products of China and Hong Kong are subject to a 125% reciprocal tariff, a 20% tariff to address the threat of illicit drugs, and the Section 301 tariffs implemented prior to 2025, which range from 7.5% and 100%.

For select products, the total tariff is [245%](#) (electric vehicles and syringes).



## China

- **10%** effective **February 4** on top of the existing Section 301 tariffs on Chinese imports\*
- + **10%** effective **March 4** (Agg: 20%)
- + **34%** effective **April 5** (Agg: 54%)
- + **50%** effective **April 9** (Agg: 104%)
- + **41%** effective **April 10 (Agg: 145%)**
- Ending duty-free de minimis treatment for China and Hong Kong starting **May 2**

### Reciprocal tariff summary on U.S. imports:

- **15%** tariff on coal and liquified natural gas, **10%** on crude oil, agricultural machinery, and some cars and pickup trucks effective **February 10**
- + **10-15%** on various agricultural products effective **March 4**
- + **34%** on all U.S. goods effective **April 10**
- + **50%** effective **April 10** (Agg: 84%)
- + **41%** effective **April 11 (Agg: 125%)**



## Canada

- USMCA compliant goods will continue to see a **0%** tariff
- Non-USMCA compliant goods will see continue to see a **25%** tariff
- Non-USMCA compliant energy and potash will continue to see a **10%** tariff

### Reciprocal tariff summary on U.S. imports:

- **25% tariffs** on \$30 billion worth of U.S. goods effective **March 4**
- **25% tariffs** on \$29.8 billion worth of U.S. goods effective **March 13**



## Mexico

- USMCA compliant goods will continue to see a **0%** tariff
- Non-USMCA compliant goods will see continue to see a **25%** tariff



## Others

- **25%** on steel and aluminum effective **March 12**
- **25%** on automobiles effective **April 3**
- **25%** on countries that buy oil or gas from Venezuela effective **April 2**
- **10% base** on all countries effective **April 5**
- Individualized reciprocal tariffs from Liberation Day were set to take effect **April 9** and are now **paused for 90 days**

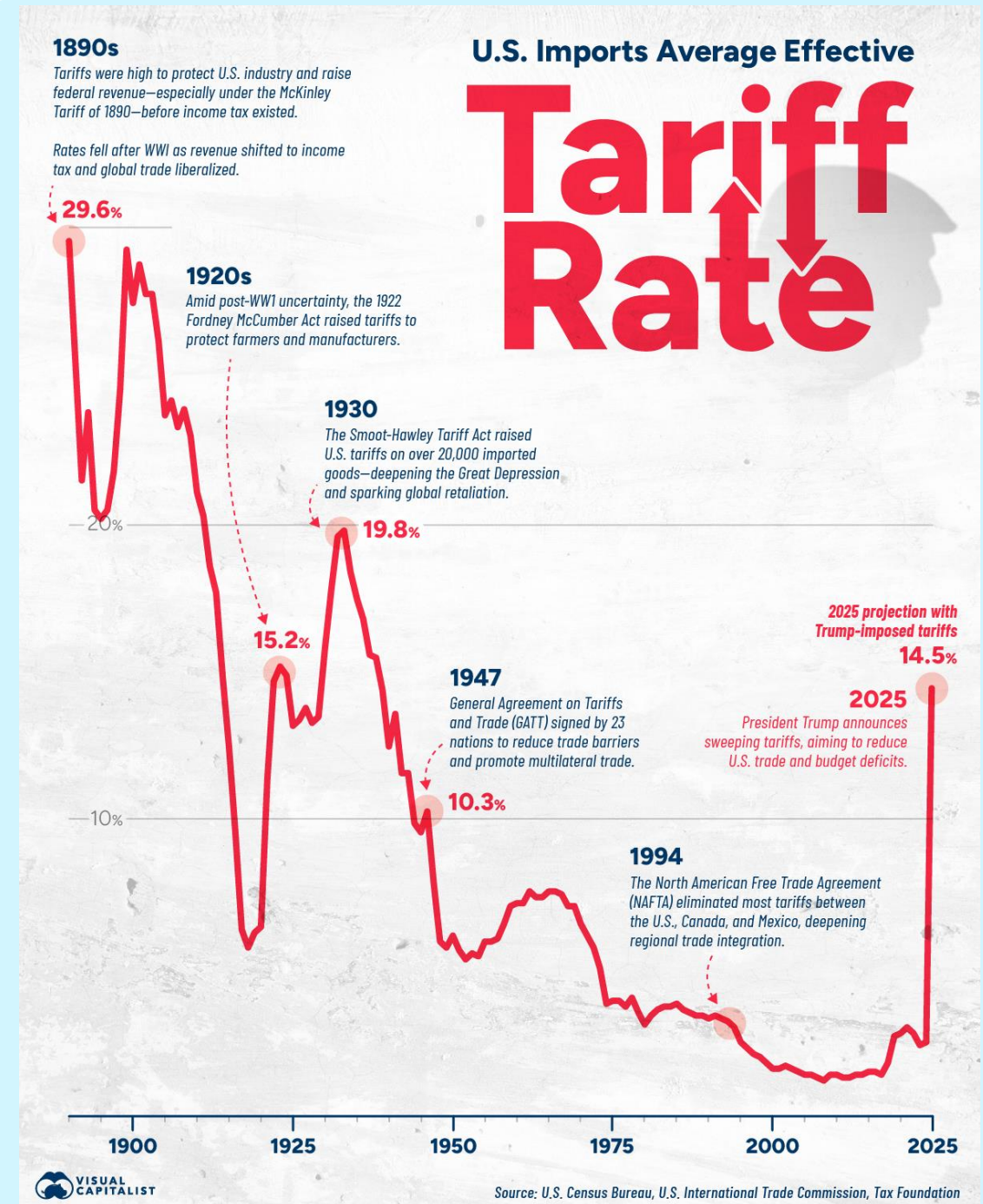
\*Pre-February 2025 tariffs for China were averaging around 20.8%



# The history of tariffs

- The U.S. average effective tariff rate on imports spiked to 14.5%—its highest level since 1938.
- In 2024, the average rate was 2.5%.
- As of April 9, the newly imposed tariffs were projected to generate \$206.6 billion in federal revenue and slash imports by 30% in 2025.

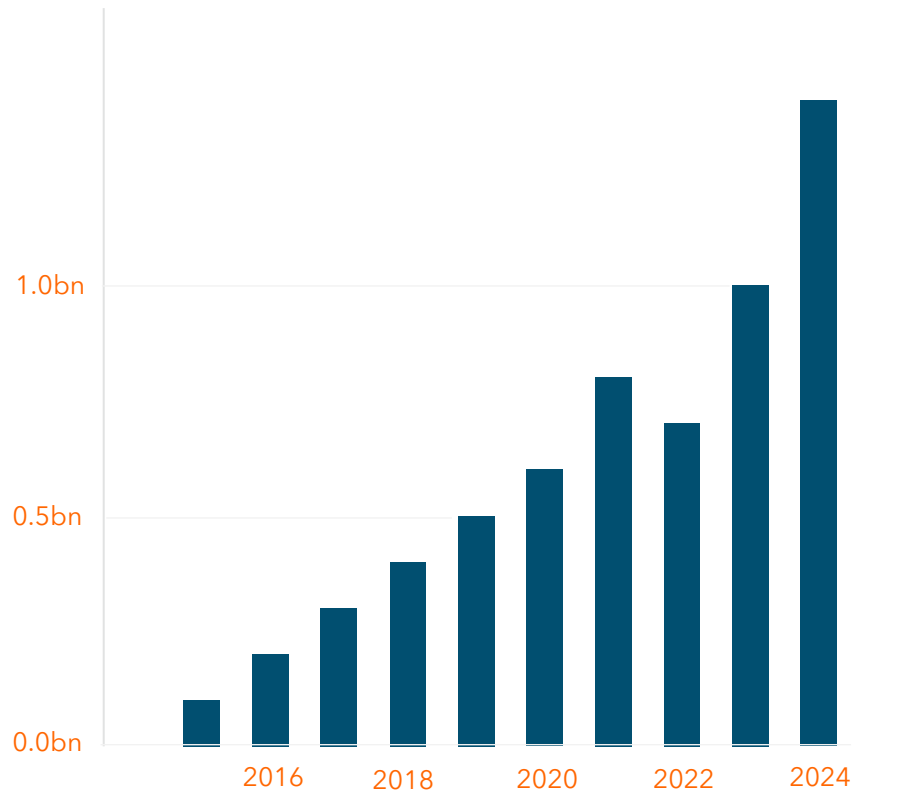
[Charted: The Average U.S. Tariff Rate \(1890-2025\)](#)



# End of de minimis exemptions

Effective May 2, 2025, for Peoples Republic of China and Hong Kong

VOLUME OF 'DE MINIMIS'  
SHIPMENTS TO THE US



Source: US Customs and Border Protection; National Bureau of Economic Research, [c/o BBC](#)

## Duty-free de minimis treatment ends

for goods from China and Hong Kong under \$800

## Non-postal shipments

under \$800 now subject to all applicable duties

## Postal shipments

under \$800 face a flat duty: 90% of value or \$75/item (rising to \$150 after June 1, 2025)

## Carrier requirements

include reporting shipments, proper tariff code, content information, maintain international bonds, and remit duties to CBP

## CBP requirements

may change to formal entry for any package



➤ **Implications to your business**



# The 4 puzzle pieces of global trade



# Businesses and states react to tariff turmoil

Major impacts the administration may not have considered

- 3** CEOs of the nation's biggest retailers – Walmart, Target and Home Depot's CEOs – privately warned President Trump that his tariff and trade policy could disrupt supply chains, raise prices and empty shelves
- 12** States sue Trump admin over tariffs. The suit, led by New York's governor and attorney general, argues that the president lacks authority to impose the levies and notes such tariffs must be approved by US Congress
- 33%** Decrease year-over-year for the week ending May 10 in the number of freight vessels scheduled to arrive at the Port of Los Angeles due to canceled orders from China
- 64%** Decrease in bookings of containers shipped from China from the end of March through the first week of April

# DHL suspends (then reinstates) high-value US deliveries

## What's happening?

- On April 21st, 2025, DHL suspended shipments to the U.S. greater than \$800 due to increased customs requirements under new Trump tariffs.
- Applies to B2C globally – All countries, all industries affected.
- Effective April 28th, 2025, the temporary suspension was withdrawn.

## What's still moving?

- B2B shipments continued, but with expected delays due to formal clearance surge.

## De Minimis loophole ends May 2

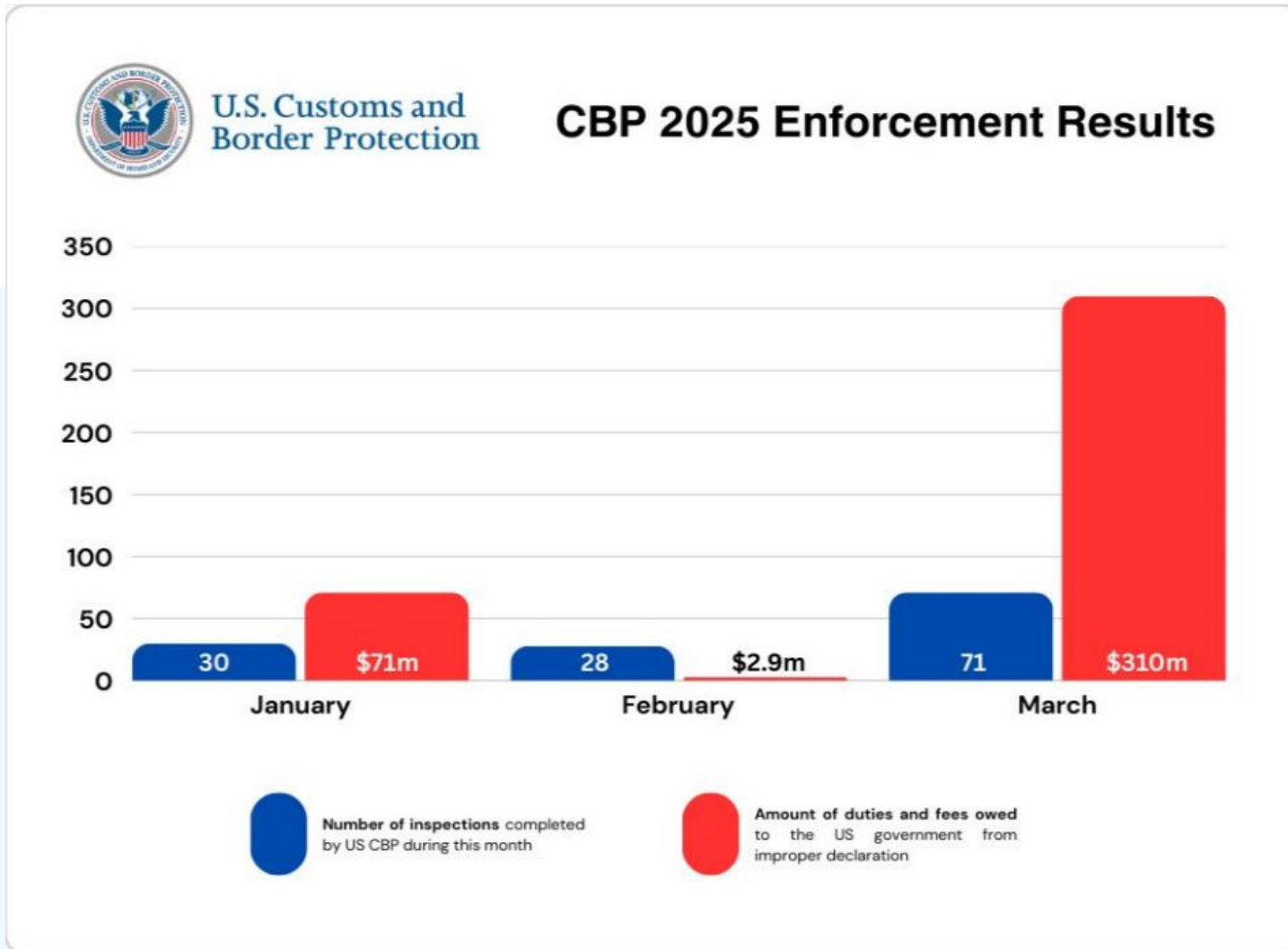
- US to end duty-free threshold (<\$800) for packages from China & Hong Kong.
- Shein and Temu anticipate price hikes and longer delivery times



## Business impact

- **Cross-border eCommerce:** higher costs, tighter compliance.
- **Logistics planning:** prepare for delays, increased duties, and potential cost shifts.

# Inspection and enforcement are on the rise



- Customs is doing **more than double** the inspections since January
- Finding **significant violations** of US Customs laws
- **Why?** The America First trade policy requires duty payment for hundreds of millions of imports that were previously non-dutiable

# Shein and Temu raise prices ahead of tariff increase

Fast fashion e-commerce giants raise prices up to 150%

- The Chinese retailers are raising prices to offset the end of the de minimis exemption on May 2
- On April 24, U.S. Customs and Border Protection announced they will eliminate the de minimis exemption for products originating in China, effective May 2, 2025.
  - Goods shipped through international postal services from China will now be subject to import duties
  - Either 120% of the item's value or a flat rate of \$100 to \$200 per item
- It's estimated the Shein and Temu ship a combined 1 million packages per day to the U.S.

## Shein

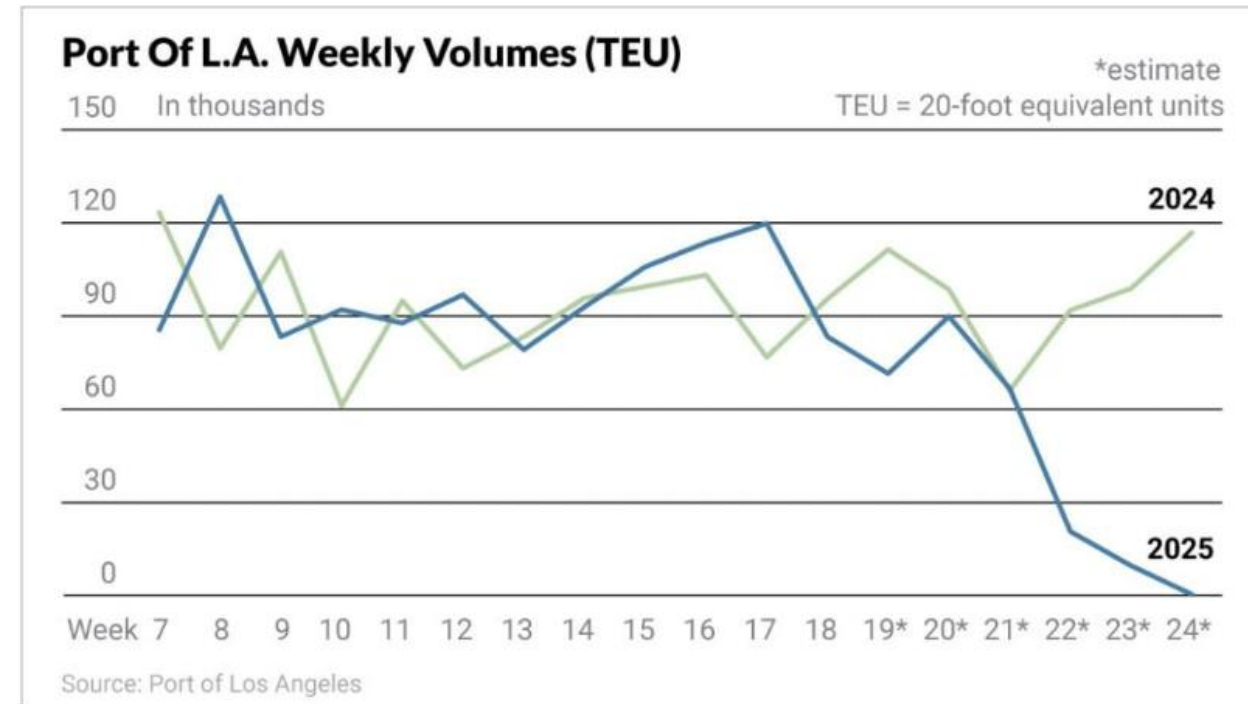
Item(s) total:	\$195.41
Item(s) discount:	-\$131.75
Subtotal ⓘ :	\$63.66
ⓘ \$63.66 includes \$9.77 for international freight charges and \$53.89 for item(s) value.	
Shipping ⓘ :	FREE
Sales tax:	\$3.77
Import charges ⓘ :	\$89.46
Order total:	\$156.89
By submitting your order, you agree to our <a href="#">Terms of Use</a> and <a href="#">Privacy Policy</a> .	

"Due to recent changes in global trade rules and tariffs, our operating expenses have gone up. To keep offering the products you love without compromising on quality, we will be making price adjustments starting April 25, 2025."

[Shein](#)

# Impacts from the end of de minimis exemptions for China and Hong Kong

- **50% cancellation rate of container shipments from China**  
reported from U.S. ports, indicating a substantial reduction in trade activity
- **At least a 20% decline in U.S. import volumes in the latter half of 2025**  
projected from the National Retail Federation, attributed to the new tariff policies
- **Sharp decline in U.S. import bookings from China**  
particularly in foundational manufacturing inputs like plastics, copper, and wood products.
- **Temu halts direct shipments from China**  
showing a shift to U.S. fulfillment model
- **Garment factories in Guangzhou shut down**  
due to order drop, the location of Shein suppliers



# Amazon Prime Day 2025 impacted by tariffs

In response to the 145% tariffs on China-made goods, many Amazon third-party sellers scaling back or skipping Prime Day

## Financial pressures on sellers

- Tariffs more than double costs of imported goods
- Amazon charges:
  - 15% commission on sales
  - \$500-\$1,000 to feature Prime Day deals
- Average seller profit margins: 15-20%



## Key takeaways:

1. U.S.-China tariffs straining Amazon's third-party ecosystem
2. Sellers weighing risks of discounting under elevated costs
3. Prime Day may see reduced inventory and deals despite Amazon promotions

# Can your business keep up with these changes?

Out-of-date trade compliance information and tariff rates could result in:

## **You're not alone.**

**55%** of respondents find cross-border eCommerce business environment challenging

- 01** Shipments held up in customs
- 02** Penalties and fines for non-compliance
- 03** Under- or over- charging customs duties and import taxes
- 04** Poor customer experience and cart abandonment





# 5 proactive steps to building a resilient supply chain strategy



Explore diversification of shipping carriers and/or sources of supply

1

Automate global trade compliance

2

Work with a customs broker to lean on their network and expertise

3

Ensure product details are compliant with global trade regulations

4

Build inventory to absorb short-term headwinds

5

## POLL QUESTION #2

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Are you planning to adjust your supply chain due to impending global trade changes (duties, tariffs, regulation changes) in any of the following ways?

- A** Diversifying suppliers and manufacturers

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- B** Switching to local suppliers and manufacturers

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- C** Investing in new trade technology or tools for supply chain management and trade compliance

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- D** Rethinking distribution strategies (e.g., new fulfillment center locations, carriers, shipping routes)

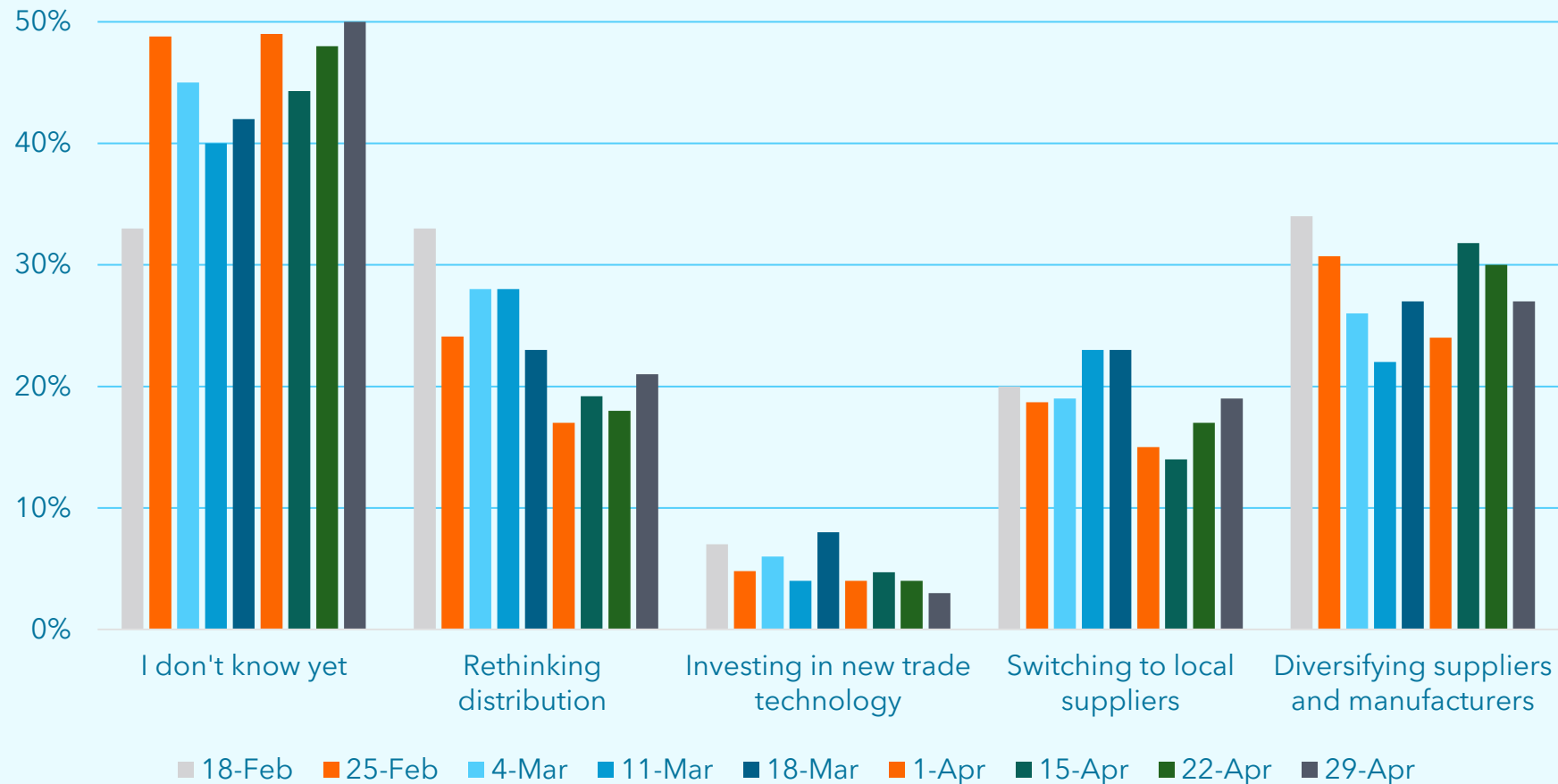
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- E** Other - Please specify

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- F** I don't know yet

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# Are you planning to adjust your supply chain due to impending global trade changes (duties, tariffs, regulation changes) in any of the following ways?

Past week's responses



**50%**  
Don't know yet

Most respondents are still unsure of how to react to the uncertainty

## POLL QUESTION #3

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What are your plans for addressing the increased cost from global tariffs on your goods?

- A** Pass additional costs onto the customer by raising item prices

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- B** Include a tariff surcharge

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- C** Absorb the cost

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- D** Other - Please specify

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➤ **Take action with Avalara**

# Go global with Avalara

A one-stop shop for your end-to-end international compliance needs



## **AvaTax Cross-Border**

Simplify your compliance process with a flexible, unified platform to help calculate or estimate customs duties upfront with greater accuracy.



## **Tariff Code Classification**

Automate the assignment of Harmonized System (HS) codes with a solution that scales to meet global needs, including AI-based and self-serve capabilities in addition to managed classification that combines automated services and human expertise.



## **Trade Restrictions Management**

Learn about applicable government restrictions on selling goods across borders prior to shipment to alleviate products being denied at the border.

# Taming tariff troubles with automated HS classification

Avalara Self-Serve Tariff Code Classification

Start by telling us what you sell and where

COUNTRY OF IMPORT Canada

COUNTRY OF ORIGIN China

Examples:  
Woven mens blazer, 75% wool, 25% cotton  
Table lamp with fabric shade  
CAS 354-56-3  
Impeller for fuel pump  
Fresh cut snowdrop  
Relay, 30 volts

DESCRIBE YOUR PRODUCT Woven mens blazer, 75% wool, 25% cotton [Classify](#)

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See your HS Code + rationale

Known Characteristics

construction Other not knitted or crocheted

composition Textile Material not plastics; rubber; ores, stone, mineral fu...

gender or life stage Men's Or Boys' not babies'; other

composition 75.0% Wool Or Fine Animal Hair; 25.0% Cotton

**HS Code 6203.31**

Tariff Schedule Notes

**Tariff Schedule of Canada**

Nomenclature Version: HS 2022  
Tariff Effective Date: January 1, 2025

**Chapter 62**

ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, NOT KNITTED OR CROCHETED

TARIFF CODE	DESCRIPTION	UOM	RATE OF DUTY
62.03	Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (other than swimwear).		
	- Jackets and blazers:		
6203.31.0000	-- Of wool or fine animal hair	NMB	Default: MFN - 18 %

View tariff rates for other countries, including FTAs

Known Characteristics

Tariff Eligibility

Peru	Poland	Portugal	Puerto Rico
Republic Of Ireland	Romania	Rwanda	Réunion
Saint Barthélemy	Saint Martin	Samoa	San Marino
Senegal	Sierra Leone	Singapore	Slovakia
Slovenia	Solomon Islands	Somalia	South Korea
South Sudan	Spain	Sudan	Sweden
Switzerland	São Tomé And Príncipe	Tanzania	The Gambia
Togo	Tuvalu	Uganda	Ukraine
United Kingdom	United States	Vanuatu	Vietnam
Yemen	Zambia		

**AUT - Trade and Economic Cooperation Arrangement between the Government of Canada and the Government of Australia**

Australia New Zealand

+ 13.5 % 2 COUNTRIES

+ 18 % 227 COUNTRIES

+ 35 % 3 COUNTRIES

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	- Jackets and blazers:		
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## POLL QUESTION #4

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Would you like to talk with an expert about your global trade compliance?

**A** Yes

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**B** No



# Q&A



## POLL QUESTION #5

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What content would you like to see from us during future webinars?

- A** Tariff changes summary since Feb. 2025

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- B** Current tariffs in place and future effective dates

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- C** Business implications you may not be considering

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- D** Tips on how to build a resilient supply chain

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- E** Avalara solutions and how they can help

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- F** Industry specific implications and tips

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### Stay up to date with our blogs

- [How to prepare for Trump tariffs](#)
- [What you need to know about the US-Canada trade war](#)
- [How to handle U.S.-China tariffs and the end of de minimis](#)
- [De minimis exemption changes are coming: Is your business ready?](#)
- [Trump steel and aluminum tariffs: What you need to know - Avalara](#)



### Keep learning

- [View Tariff Code Classification Demo](#)
- [Simplify Harmonized System codes to support global trade webinar](#)
- [DC360 + Avalara How tariffs and trade wars will impact cross-border ecommerce webinar](#)
- [Cross Border Resources - Avalara](#)

# Upcoming webinars

[avalara.com/webinars](https://avalara.com/webinars)

## Webinars Calendar

- › **5/8** Protect your business: Business license and property tax risks and opportunities
- › **5/13** Trade and Tariff Tuesdays
- › **5/14** Know your nexus: Avoid costly tax traps and stay ahead of compliance risks
- › **5/20** Trade and Tariff Tuesdays
- › **5/29** Are you on the hook for communications taxes?



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today!

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## 2 TICKET OPTIONS

**General Admission**

**FREE**

**All-Access Pass**

Hands-on training and CPE credits

**\$99**

## 3 KEY HIGHLIGHTS

- Support via 1:1 Learning Lab appointments
- Learning through Insight Sessions and Fireside Chats
- Training on Avalara products (All-Access Pass required)



**CRUSH on Tour** also includes activations such as our **Product Pavilion, food and beverages, and a networking happy hour** – all in a setting where you can explore at your own pace.

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