TRADE + TARIFF TUESDAYS

Avalara

January 13, 2026

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Meet your presenter

Meet your presenters



Patrick Frith

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Avalara

Agenda

01 The latest news in trade compliance

02 Implications to your business

03 Take action with Avalara

04 Q&A

POLL QUESTION #1

How much revenue was generated by the CBP from the newly imposed tariffs in 2025?

A $92B

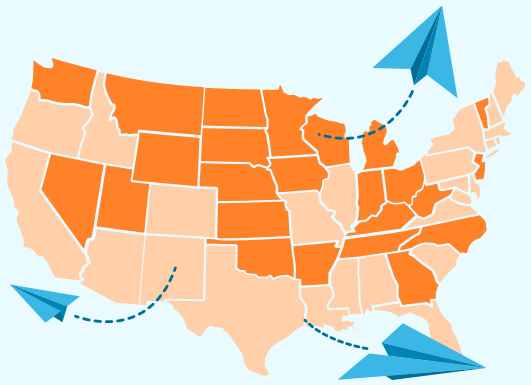
B $105B

C $120B

D $217B

The latest news in trade and tariffs

Last 4 weeks at-a-glance



EU de minimis exemption update

The end of the de minimis exemption will begin on **July 1, 2026** with a temporary duty mechanism, ahead of full customs reform with the EU Customs Data Hub by ~2028.

Mexico

Implemented new tariffs of up to ~50% on select imports from non-FTA partners, notably affecting automotive and consumer goods sectors.

Ongoing IEEPA tariff litigation

While no final decision was issued in this period, the Supreme Court continued review of the legality of tariffs imposed under IEEPA, leaving existing duties in force for now. **The Supreme Court's next scheduled Conference Day is Friday, January 16th**

U.S. – U.K. Pharmaceutical Tariff Deal

The United States and the United Kingdom agreed to eliminate tariffs **(0%)** on UK-origin pharmaceuticals, ingredients, and medical technology **for at least three years**, easing costs for healthcare trade.

U.S. – Korea trade deal

The U.S. and Republic of Korea agreed a strategic trade and investment pact that includes tariff treatment guidelines: U.S. tariffs on Korean goods to be set at the **higher of MFN or KORUS rates or a flat 15%**, and caps on additional duties in key sectors.

Tariff extensions and exclusions

The USTR extended tariff exclusions on many Chinese industrial and medical products for another year, providing temporary relief from punitive duties on specific categories important to supply chains.

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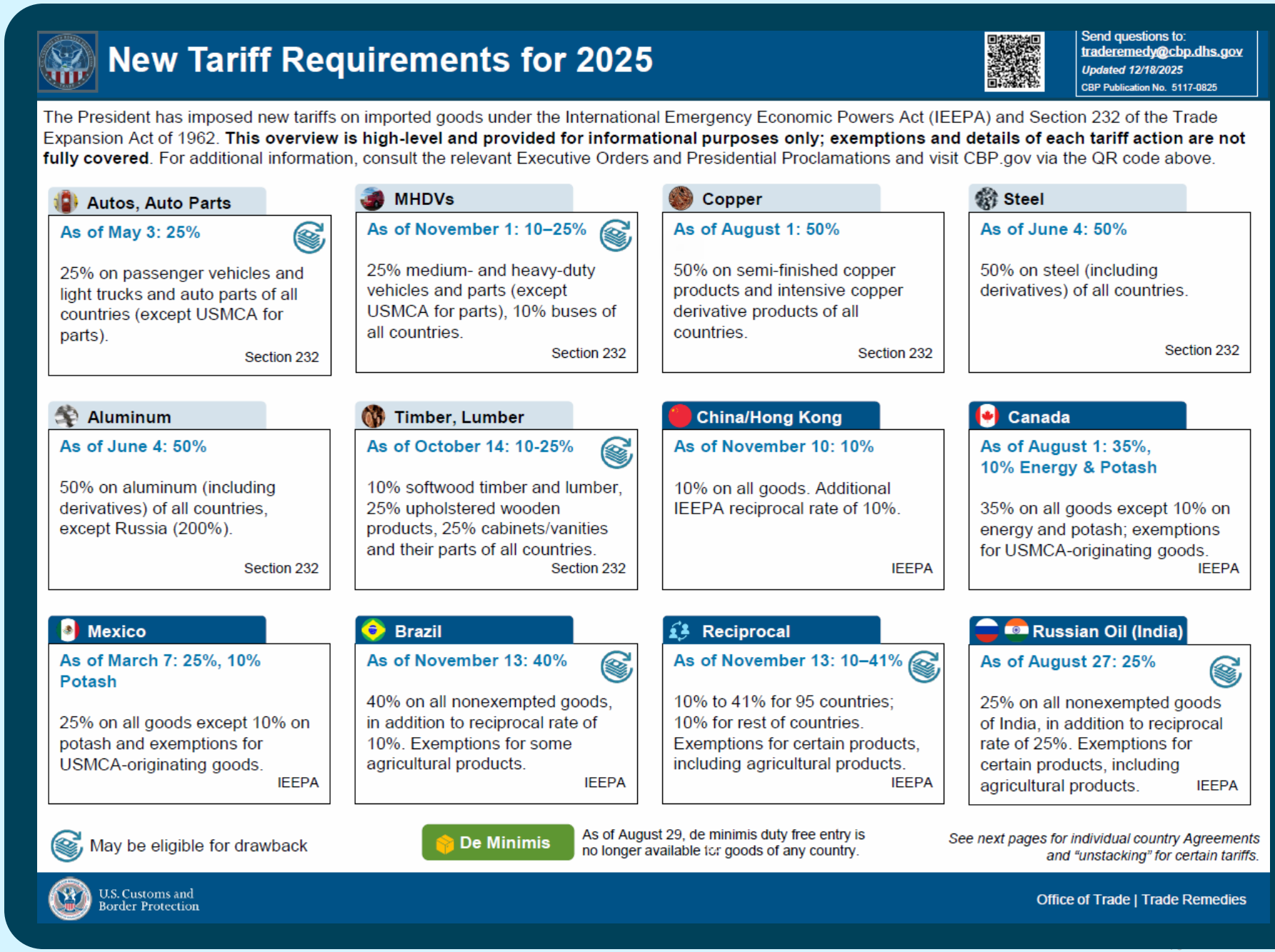
Overview as of

December 18, 2025



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CBP Trade Statistics*

Trade Remedy[1] Enforcement	Imported Products	FY 2026	FY 2025	FY 2024
Section 201	Solar Products[2]	$55.63 million	$438.03 million	$280.12 million
Section 232	Steel[3]	$1.78 billion	$5.00 billion	$1.22 billion
	Aluminum[4]	$1.47 billion	$3.10 billion	$388.22 million
	Automobiles[5]	$6.09 billion	$18.54 billion	-
	Automobile Parts[6]	$3.17 billion	$7.43 billion	-
	Copper[7]	$635.96 million	$585.62 million	-
	Wood Products[16]	$451.40 million	-	-
	Trucks and Buses[17]	$341.51 million	-	-
	Truck Parts[18]	$270.45 million	-	-
Section 301	China Products[8]	$5.38 billion	$35.58 billion	$38.19 billion
IEEPA	China and Hong Kong, all goods[9]	$7.74 billion	$30.13 billion	-
	Mexico, all goods[10]	$921.71 million	$5.56 billion	-
	Canada, all goods[11]	$472.00 million	$1.95 billion	-
	Reciprocal all countries, all goods[12]	$27.38 billion	$54.36 billion	-
	Brazil, all goods[13]	$610.83 million	$361.27 million	-
	India, all goods[14]	$1.58 billion	$414.49 million	-
	Japan, all goods[15]	$1.66 billion	$369.40 million	-

Trade Remedy Duties Assessed = trade remedy duties due on imported goods.

* Amount includes Estimated and final duties, taxes, and fees paid by the trade community, including adjustments for refunds

[1] As of December 14, 2025.

For all footnotes and additional information, visit Trade Statistics | U.S. Customs and Border Protection

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As the Importer of Record, you're legally responsible—and the risks are real:

- Steep fines
- Seizure of your valuable inventory
- Business disruption
- Loss of import privileges
- Criminal charges

Enforcement in action:

- $3.4 million civil penalty against Rayson Global, along with all unpaid duties, taxes, and fees.
- $8.1 million settlement with Evolutions Flooring, Inc. and its owners.

$216.7B

Total duties, taxes, and fees collected by CBP in 2025

$119.7B

From IEEPA, Section 232, and reciprocal tariffs in 2025 that was not generated in years prior

End of de minimis exemption for all countries



All shipments now include the 10-digit HTSUS code.

This ensures accurate tariff application despite:

- Changing rates
- Changing exemptions
- Changing trade deals
- Stacking tariffs

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End of de minimis exemptions

1.36B De minimis shipments entered the U.S. in 2024

£1B Revenue the U.K. could generate by removing de minimis

U.S. de minimis granted duty-free status to shipments valued ≤$800

- **May 2, 2025**
  U.S. suspended de minimis for China
- **August 29, 2025**
  U.S. suspended de minimis for all countries

Other countries plan to eliminate their de minimis exemptions

- **January 1, 2026**
  Thailand will drop threshold from 1,500 baht to 1 baht
- **Q1 2026**
  The EU will eliminate de minimis (€150 threshold)
- **2028**
  UK will eliminate de minimis (£135 threshold)

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U.S. courts challenge IEEPA tariffs

Timeline of events, May – September 2025

May 28

CIT ruling

The CIT ruled that President Trump exceeded his IEEPA authority by imposing "Liberation Day" tariffs and permanently blocked their enforcement.

May 29

Stay granted

Federal Circuit Appeals Court granted a temporary administrative stay, allowing the tariffs to remain in effect while the government appeals.

July 31

En Banc Oral Arguments

The full Federal Circuit (en banc) heard arguments, with media reporting skepticism toward the Trump administration's position.

August 29

Federal circuit ruling

The Appeals Court upheld the CIT ruling that Trump lacked IEEPA tariff authority but stayed enforcement until Oct. 14 pending Supreme Court appeal.

Sept.

Supreme Court Appeal

The Trump administration officially petitioned the U.S. Supreme Court for review, underscoring the high-stakes nature of the case.

U.S. courts challenge IEEPA tariffs

Timeline of events, October – present day

Decision is expected by mid-2026, tariffs remain in effect

Oct. 20 — Respondent briefs filed

Respondent briefs filed (states and private parties) and the challengers' brief in Learning Resources filed.

Oct. 23 — 80-min divided argument

The Court granted divided argument and expanded time to 80 minutes (40 for the SG, 20 for private parties, 20 for the states).

Oct. 24 — Amicus briefs filed

Multiple amicus briefs filed (e.g., Members of Congress; Chamber of Commerce).

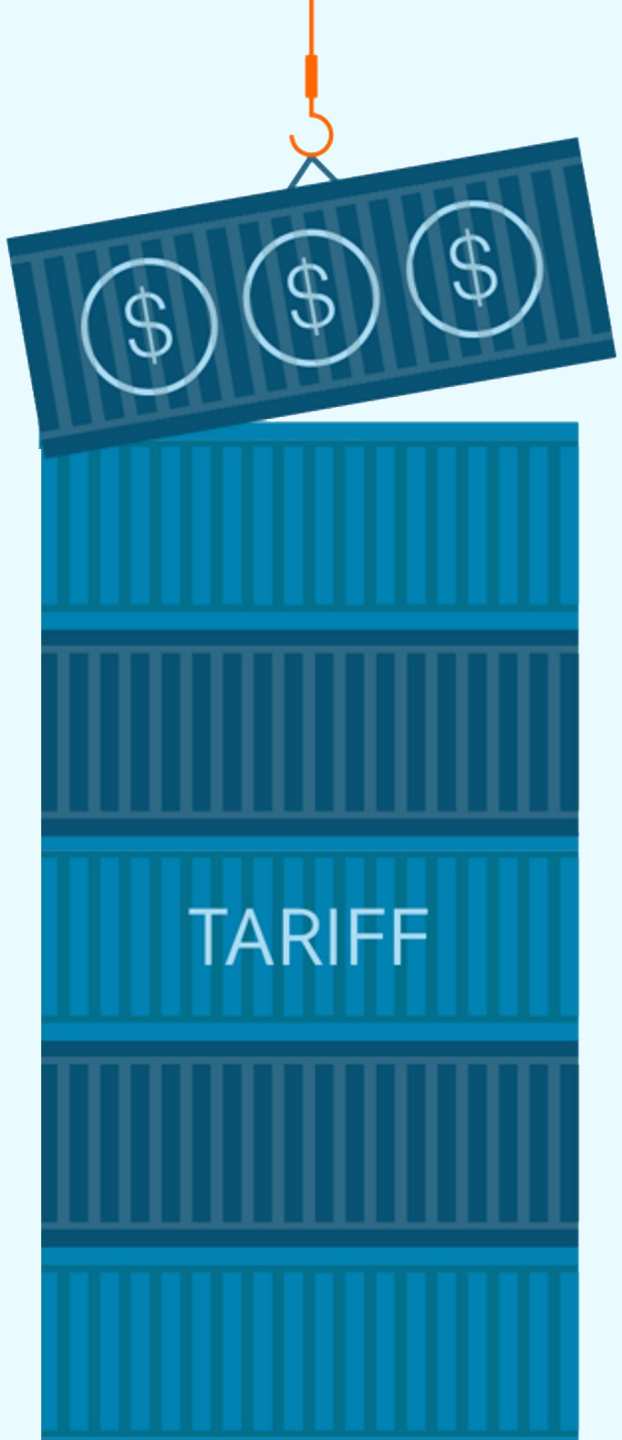
Oct. 30 — Reply brief

Government filed its reply brief.

Nov. 5 — Set for argument

Wed, Nov 5, 2025 (first week of the Nov session). Previews confirm arguments this week; still no merits decision.

USMCA 2026 review



The review will assess how the trade pact has functioned since its 2020 launch and determine whether the agreement will continue unchanged.

The review is expected to focus on automotive rules of origin, labor enforcement, dispute settlement, energy policy, and the surge in nearshoring and cross-border trade, with outcomes ranging from minor adjustments to heightened trade tensions if concerns are not resolved.

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Implications to your business

4

puzzle pieces of global trade



- De minimis exemptions
- Country of origin
- Tariff code classification
- Declared value

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How companies are redesigning products to offset tariff impacts



Reducing material use and features

Manufacturers are making products lighter or less complex (e.g., softer sofas with less padding or fewer components) to lower the declared value and tariff exposure.

Simplifying assortments

Apparel brands are offering fewer sizes, colors, or styles to cut production, sourcing, and tariff-related costs tied to each SKU.

Streamlining packaging and inputs

Companies are using simpler, smaller, or cheaper packaging and components to reduce import costs and customs duties without raising headline prices.

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5 proactive steps to building a resilient supply chain strategy



1. Explore diversification of shipping carriers and/or sources of supply
2. Automate global trade compliance
3. Work with a customs broker to lean on their network and expertise
4. Ensure product details are compliant with global trade regulations
5. Build inventory to absorb short-term headwinds

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POLL QUESTION #2

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
B	Switching to local suppliers and manufacturers
C	Investing in new trade technology or tools for supply chain management and trade compliance
D	Rethinking distribution strategies (e.g., new fulfillment center locations, carriers, shipping routes)
E	Other - Please specify
F	I don’t know yet

POLL QUESTION #3

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
B	Include a tariff surcharge
C	Absorb the tariff costs
D	Sharing the tariff costs with your suppliers
E	Other - Please specify

Can your business keep up with these changes?

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

01

Penalties, fines, and delays for non-compliance

02

Under- or over-charging customs duties and import taxes

03

Added costs for customers and supply chains

You're not alone.

81%

of survey respondents plan to adjust their supply chains due to trade changes



[Global cross-border ecommerce trends – Avalara]

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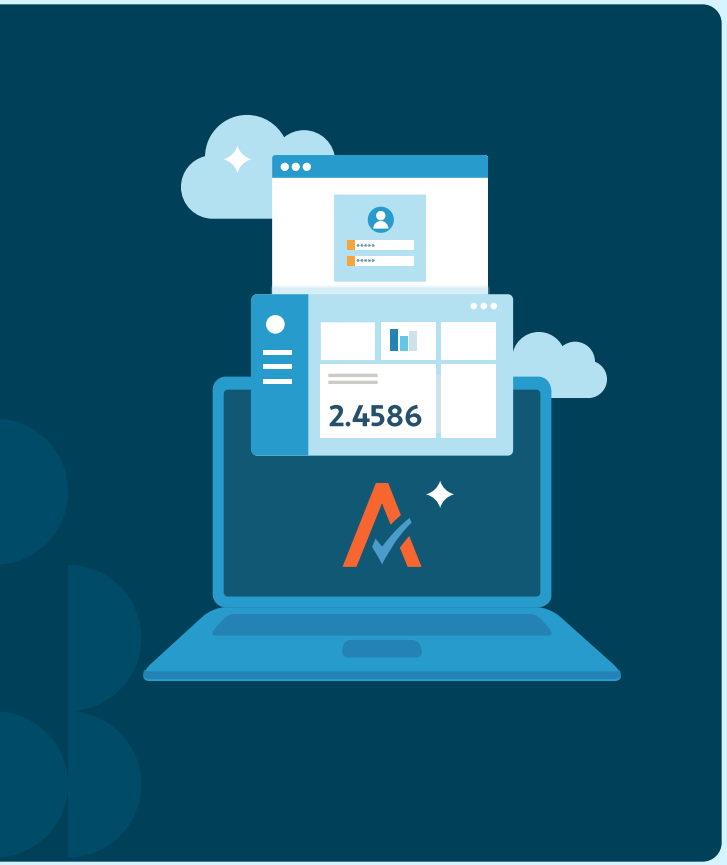
Take action with Avalara and ProShip

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 and Tariff Library

Stay ahead of government restrictions on cross-border sales by accessing a centralized library of trade and tariff content. Identify restricted or prohibited goods before shipment to reduce a compliance risk and prevent delays at the border.

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POLL QUESTION #4

Would you like to do a 2026 review of your HS codes and trade compliance strategy **with an Avalara expert**?

A Yes

B No

Q&A





Stay up to date with our blogs

- EU to end €150 customs duty exemption in 2026: What cross-border businesses must prepare for
- Supreme Court examines Trump's IEEPA tariffs
- How to prepare for Trump tariffs
- IEEPA vs. Section 232 vs. Section 301 tariffs explained
- Reciprocal tariffs explained: Impact on your business
- The de minimis exemption is ending: Is your business ready?

Keep learning more

- View Tariff Code Classification Demo
- Cross Border Resources – Avalara
- U.S. Tariffs by Country – 2025 Overview and Impact Summary – Avalara
- De Minimis Threshold Table - Avalara



Tax compliance done right