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Tariff Mitigation Strategies: Controlling What You Can Control

April 30, 2025



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3-Part Webinar: 20+ Strategies to Mitigate Tariffs

April 30

Controlling what you can control

Agenda

- Supply side and demand side pricing, volume, and terms
- Cash flow, inventory, cost accounting
- Retooling and sourcing
- Incentives (reshore or relocate closer to customer)

Speakers

- Mike Smith
- Paul Stepanek
- Paul Buzzell
- Jen Rohen

May 7

Transfer pricing and logistics

Agenda

- Transfer pricing
- State tax
- Logistics considerations
- Bonded warehouse and Free Trade Zones
- Currency

Speakers

- Mike Smith
- Kyle Dawley
- Paul Stepanek
- Brandon Knight
- Angie Kappel

May 14

Fine-tuning

Agenda

- Country of origin and transformation
- Duty drawbacks
- Break out non-tariffed costs
- HTS code analysis
- Tariff engineering
- Chapter 98

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- Paul Stepanek
- Matthew Bock



Welcome



Paul Stepanek

President,
Complete Manufacturing
and Distribution (CMD)



Mike Smith

Principal, CLA
National Tax Office



Paul Buzzell

Client Engagement
Director, CLA Client
Accounting and
Advisory



Jen Rohen

Principal, CLA
Business Incentives
Consulting & Tax



Brief History

- U.S. Constitution grants Congress the power to enact tariffs
- Authority primarily delegated to President since 1930s
- Treasury establishes tariff regulations
- Customs and Border Protection administer tariffs at ports of entry
- Over past 70 years, tariffs account for 2% or less of federal revenues!

+ 1789 Duty Drawback

Key Dates in U.S. Tariff History

- 1913:** Underwood Tariff Act reimposed federal income tax and lowered tariff rates from roughly 40% to 25%. Federal revenue now comes primarily from income taxes.
- 1930:** Tariff Act of 1930, known as the Smoot-Hawley Tariff, raised U.S. tariffs to their highest levels since 1828. This was the last tariff act in which Congress set rates.
- 1934:** Reciprocal Tariff Act delegated to the President the power to negotiate bilateral, reciprocal trade agreements. It was renewed periodically until the 1970s.
- 1947:** The United States and 23 other countries entered the GATT to lower tariffs and other trade barriers.
- 1976:** The United States instituted its Generalized System of Preferences (GSP), establishing preferential tariff rates for developing countries.
- 1995:** The United States entered the WTO. This is the last time GATT/WTO members multilaterally agreed to major reductions in tariff rates.

Source: [U.S. Tariff Policy: Overview](#) | [Congress.gov](#) | [Library of Congress](#)



Tariff Summary April 14, 2025

Region	Rates	Action	Effective
All	10% Reciprocal Tariffs except Canada & Mexico 10% Reciprocal Tariffs + more on selected countries (90 day pause)	IEEPA	4/5 All countries 4/9 Country specific rates Exclusions: >20% US content, tariff on non-US content
All	25% on cars, light trucks, some auto parts Pause on certain automotive parts?	232	3/4 for cars & trucks, 5/3 for parts
Canada	25%, except 0% for USMCA Qualified 10% on energy products & potash (except 0% USMCA Qualified)	IEEPA	3/4
Mexico	25%, except 0% USMCA Qualified, 10% on potash	IEEPA	3/4
China	145% Exemptions on certain duties for some electronics	IEEPA	4/9 4/11 Some electronics exemptions
All	25%, countries buying Venezuelan oil	IEEPA	TBA
All	25% on steel, aluminum products, some derivatives	232	3/12
All	Timber, copper, lumber, semiconductors, pharma products	232	TBA
China	7.5%, 25%, 50%, 100%	301	2018 - Present



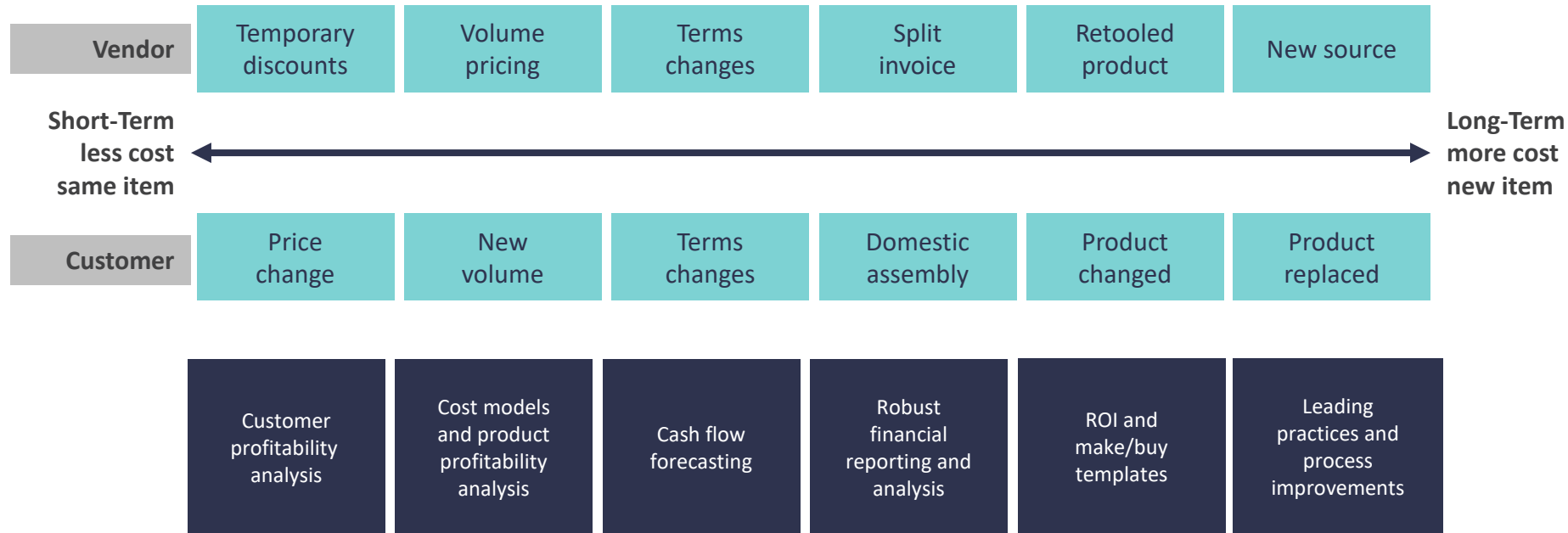
Congressional Reaction

- GOP senators and representatives mostly supportive, but not everyone is happy
- Trade Review Act of 2025
 - Introduced by Senate Finance Committee Members Chuck Grassley (R-IA) and Maria Cantwell (D-WA)- passage unlikely
 - Requires President to notify Congress of new, or an increase in existing, tariffs within 48 hours of enactment
 - Requires Congress to approve new (or an increase in existing) tariffs within 60 days or it expires; exceptions for anti-dumping and countervailing duties
- Senate Joint Resolution 49
 - Bipartisan bill co-sponsored by Senator Ron Wyden (D-OR) and Rand Paul (R-KY)
 - Proposes to terminate the national emergency declared by Trump, under section 202 of the National Emergencies Act (50 U.S.C. 1622), imposing tariffs beginning on April 2, 2025
 - Senate may vote this week; Trump has threatened veto



Goals

Short-term: keep dollars whole
Long-term: keep margins whole



Cash Flow



**Tariff when
shipped**



**Tariff change
while in transit**



**Tariff due upon
clearance**

20%

145%

20%

145%

20%

20%

*Legal input recommended.



Non-Dutiable Costs

- Potential examples
 1. Exclusive distribution fees
 2. Buying agent fees
 3. Freight and insurance
 4. Supply chain origin fees
 5. Storage/warehousing
 6. Inspection/testing
 7. Certain types of packaging
 8. Certain taxes
 9. Post implementation adjustments
 10. Exchange rate premiums
- Legal advice recommended



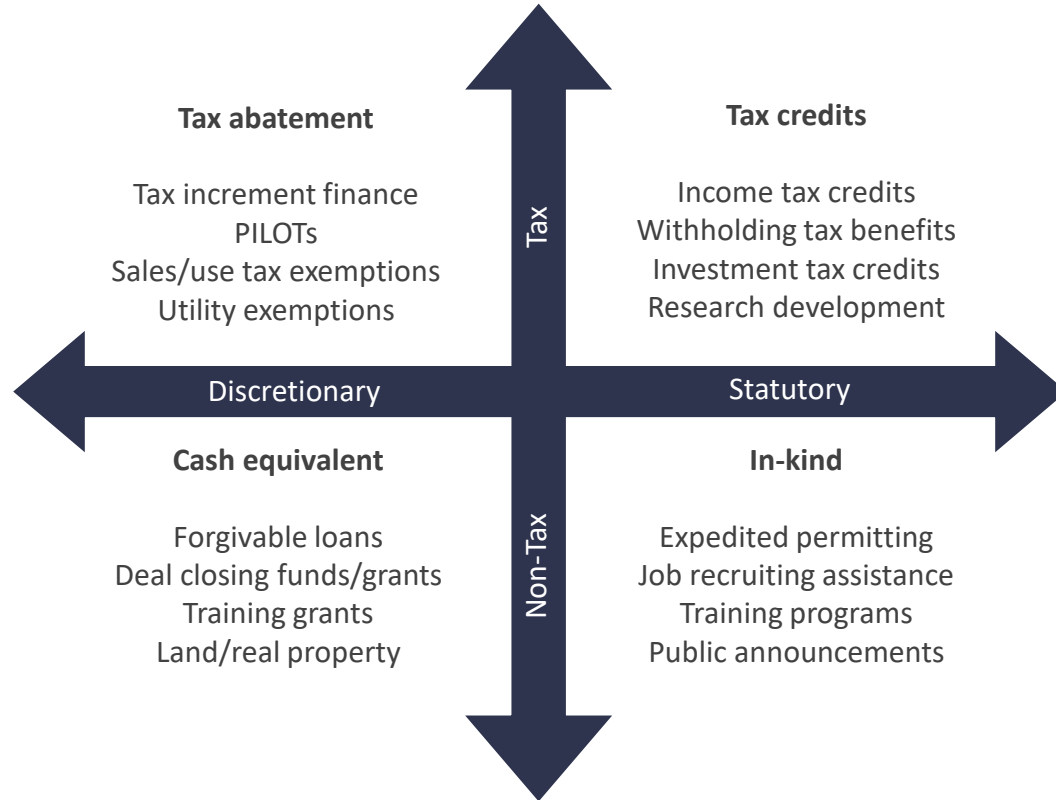
State and Local Tax Credits and Incentives

Opportunity

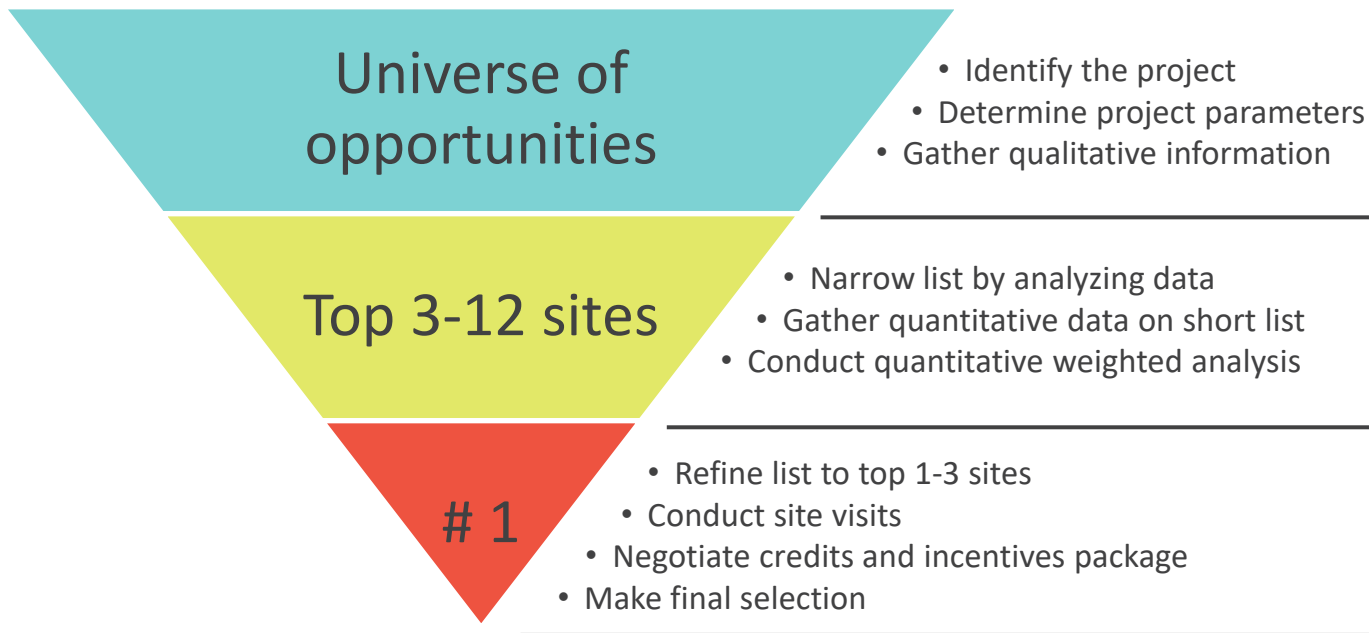
- Evaluate existing operations and strategic plans for C&I opportunities and assist businesses throughout the C&I life cycle.
- The effective use of state and local credit and incentive strategies can lower tax burden, enhance the return on capital investments, and improve overall business operations.
- Often companies can realize significant benefits amounting to between 15-30% of project capital investment.



Types of Credits and Incentives



Site Selection Process Overview



Assistance for Training and Recruitment

- There are over 200 state and federal economic development programs supporting workforce development across the country
- Programs assist employers of all sizes and types to recruit, develop, and retain the best employees for their needs
- Eligible training assistance varies but can include on-boarding, OSHA training and more

On-the-job training

- Federally funded program, implemented at the state level – often through regional workforce boards
- Hire from pool of eligible workers, they train on-the-job, company gets reimbursed for up to 50% of the employee's wages for while they are training.
- Specific benefits vary by state

Other workforce programs

- State funding, program eligibility, and potential benefits vary greatly from state to state
- Typically benefits take the form of grants, partial reimbursement, or in-kind services
- Often administered in partnership with community colleges, colleges, and universities
- Can be for a single employer or partnerships of large employers with common needs



20+ Tariff Reduction Strategies

Simple

Complex



Reduce price of goods

- Supplier discount
- Supplier terms
- Volume buy
- Non-dutiable costs
- VAT reclaim
- HTS codes
- SALT
- Transfer pricing
- Duty drawback
- First sale
- Chapter 98
- Relief process

Cash flow

- Inventory
- Cost accounting
- Currency
- Bonded warehouses
- Free Trade Zones

Customer

- Price change
- Terms change
- Volume buy

Logistics

- Freight consolidation
- Volume planning
- Diversify transportation modes

Product and process

- Country of origin, transformation
- Tariff engineering
- Resource
- Reshoring credits and incentives



Tariff Roadmap Assessment

Reactive >> Proactive

Step 1



Impact

- Current state
- Supply side
- Demand side



Roadmap

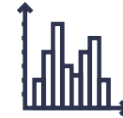
1. **Short term:**
“tariff hygiene”
2. **Medium:**
current footprint
3. **Long-Term**
reimagined footprint

Step 2



Implement

- People
- Process
- Systems



Measure and Adjust

- KPIs
- Weekly huddle

Dynamic environment – agility is mission critical

Polling *Question*

I would like help with our tariff roadmap:

- Yes
- Not at this time



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Contact us to discuss how we can *serve* you and *help* you *achieve* your goals.



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