



DUTY REFERRAL? UPDATE

April 3, 2020

As a follow up to the earlier newsletter where it was advised to take a 'wait and see' position on the deferral of Customs duties...

Today, the White House Economic Advisor Larry Kudlow, stated in an interview on Bloomberg TV that the President would not be going forward with duty deferral. Mr. Kudlow stated that the administration thought that duty deferral would be "too complicated" and "might send the wrong signals."

There are different ways currently to defer duties for merchandise which is not currently being delivered to customers. Do call and we will discuss them with you. Please feel free to reach out to rwortman@gdlsk.com or call 213-452-0860.

Clarity About Today's Announcement Re: Duty Deferral for the Fashion Industry

April 1, 2020

There have been media reports (including Wall Street Journal & Bloomberg) indicating that President Trump may sign an executive order this week allowing the U.S. Treasury Department the authority to direct Customs and Border Protection to delay collecting Most Favored Nation (MFN) tariffs on certain imports for 90 days.

The order would not apply to Section 301 tariffs or Section 232 tariffs. Even for an apparel importer of MMF jackets, the duty of 27.2% could be subject to deferral, but the 7.5% Section 301 duty **would have to be paid at time of entry.**

Congress is putting pressure on the president to assist the companies who have warehouses full of merchandise and no customers. Importers and retailers have been lobbying for duty deferral, while some lobbying groups within the domestic industry have been working to prevent duty deferral.

There are many questions regarding an importer's Customs bond sureties and the insurance companies who may require importers to guarantee the 'deferred' duty payments, which would nullify the benefit.

Experts believe that a wait and see attitude is in order here. If you have any questions, please feel free to reach out to rwortman@gdlsk.com or 213-624-1970.

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