

Frequently Asked Questions:

New US Tariffs – Business Implications

Table of Contents

1. Tariff Scope and Rates	3
• What products are affected by the new US tariffs? Does the 10% tariff apply to all UK exports, or only certain sectors?	3
• Will the 10% tariff be added on top of existing duties (e.g. 8.1% becoming 18.1%) or just replace lower rates?	3
• Are there other tariff rates beyond the 10%? For example, 25%, 84% or 104% for certain goods?	3
• How are products made of multiple materials (e.g. 75% wood, 25% aluminium) treated under the new tariffs?	3
• Are derivative products (e.g. items made from steel or aluminium) included in the higher tariffs? ..	3
2. Rules of Origin & Substantial Transformation	3
• How do US non-preferential rules of origin work, and how do we prove UK origin?	3
• How is substantial transformation defined and documented?	4
• If a product is made from non-UK parts but is substantially changed in the UK, can it qualify as UK origin?	4
• What about items where the packaging shows EU origin, even if transformation took place in the UK? ..	4
• Are there differences in treatment based on where the goods are exported from versus where they were manufactured?	5
3. Harmonised System (HS) and Commodity Codes	5
• Will we need to list two HS codes (main and tariff) on commercial invoices?	5
• Is there a central place to check HS code-specific tariffs or whether a product falls into a tariff-exempt category?	5
• How do we classify components that may attract different tariff levels?	5
4. Documentation & Customs Procedures	5
• Do exporters need to confirm compliance with rules of origin on customs invoices?	5
• Will US Customs require UK Certificates of Origin or mill certificates for steel goods?	5
• Will CBP accept UK-issued certificates to prove origin?	5
• How do we ensure couriers (e.g. FedEx) apply the correct tariff rate?	6
5. De Minimis and Low-Value Shipments	6

• Is the \$800 de minimis threshold still in place for B2B and B2C shipments?	6
• Are Chinese-origin items excluded from de minimis treatment, even if shipped from the UK?	6
• Will splitting shipments by country of origin help avoid unnecessary duty?	6
6. Sector-Specific Concerns.....	6
• Are medical devices, pharmaceuticals, or R&D-related goods exempt?	6
• Are military and defence-related exports subject to the new tariffs?	6
• Will laboratory, educational or prototype goods face tariffs?	6
7. Tariff Application by Supply Chain Scenario.....	6
• How are goods treated if:	6
○ Sent from the UK to the US but originally from the EU or China?	6
○ Manufactured in Thailand, then finalised in the UK before US export?	7
○ Shipped temporarily to the US for assembly or further export?	7
○ Imported into the UK from the US, then re-exported to the US?	7
○ Sent via stock transfer within a US-headquartered group?	7
• Are tariffs based on the country of origin, last substantial transformation, or country of export? ...	7
8. Cost, Payment & Impact on Business.....	7
• Who pays the tariffs – the exporter, importer, or the customer?	7
• Are there cost implications for insurance or logistics due to tariff volatility?	7
• Will UK companies exporting under DDP (Delivered Duty Paid) terms be liable for new costs?	8
• What can businesses do if tariffs are damaging their profitability?	8
9. Exceptions, Reliefs and Simplifications	8
• Can relief mechanisms like Inward Processing Relief (IPR) be used to avoid or delay duties?	8
• Are there exemptions for inter-company transfers or sale-or-return goods?	8
• What about goods being re-exported after US assembly or repair?	8
10. Government Support & Next Steps.....	8
• Is there UK government support for businesses affected by these tariffs?	8
• What can Chambers of Commerce do to help?	8
• Will there be further webinars or updates as the situation evolves?	9
• Could reciprocal tariffs from the UK be used as leverage to negotiate a trade deal?	9

1. Tariff Scope and Rates

- **What products are affected by the new US tariffs? Does the 10% tariff apply to all UK exports, or only certain sectors?**

Steel and aluminium products have tariffs of 25% applied on import to the US. The tariffs cover “derivative” products like knives, forks, nuts, screws. Also steel content in construction materials or furniture. Tariffs also cover aluminium cans. Goods which have steel or aluminium content poured and smelted in the US are exempt from tariffs.

Car imports into the US are subject to 27.5% duties. These duties are due to be extended to car parts including tyres, shock absorbers, onboard computers from 3 May.

Pharmaceuticals (for now), copper, energy, lumber, critical minerals not produced in the US and semiconductors are exempt from the new tariffs.

The 10% additional duties (global baseline rate) apply to all other goods imported to the US from the UK on goods which went to sea or were released from a customs warehouse on or after 5 April.

- **Will the 10% tariff be added on top of existing duties (e.g. 8.1% becoming 18.1%) or just replace lower rates?**

Yes, the 10% duties are additional to existing US import duties for each commodity line or good affected. Changes were made to the US tariff code to reflect this.

- **Are there other tariff rates beyond the 10%? For example, 25%, 84% or 104% for certain goods?**

As stated above, car, aluminium and steel product imports into the US from the UK have rates which are different from the global baseline tariff and were exempt from that particular tariff. The US is now levying additional duties of 125% on goods of China origin imported into the US.

- **How are products made of multiple materials (e.g. 75% wood, 25% aluminium) treated under the new tariffs?**

For composite goods containing steel or aluminium, need to be able to prove the value of the alloy content separately from overall value of the good to have tariff valuation solely applied to the alloy content value. This is difficult to establish in many cases.

- **Are derivative products (e.g. items made from steel or aluminium) included in the higher tariffs?**

Yes derivative products of both alloys are now subject to 25% import duties into the US.

2. Rules of Origin & Substantial Transformation

- **How do US non-preferential rules of origin work, and how do we prove UK origin?**

For goods wholly obtained in the UK – where these are manufactured of entirely UK ingredients or components, origin is easier to prove, and those goods will be subject to the 10% additional duties

(unless an exempted good, or steel/aluminium/car imports which have separate duty rates), not the rate applicable to China. A national certificate of origin from Chambers of Commerce may help establish origin at the US border but may not be decisive.

For mixed goods, where the end product is comprised of inputs or components from a number of countries, including China, US Customs and Border Protection apply a substantial transformation test based on previous rulings and legal judgements. Where there is China content in the goods, proving that substantial transformation occurred will be key in terms of avoiding higher duties above the global baseline applying to relevant China goods imported into the US.

- **How is substantial transformation defined and documented?**
- **If a product is made from non-UK parts but is substantially changed in the UK, can it qualify as UK origin?**
- **What about items where the packaging shows EU origin, even if transformation took place in the UK?**

Substantial transformation typically requires that the manufacturing process adds significant value and results in a fundamental change to the product's form, function, or essential character. There is no single recognised document which provides definitive proof for CBP that the goods are of the origin claimed, but a Chambers certificate of origin may be of help.

Simple packaging, repackaging, dilution, or minor assembly operations do not qualify as substantial transformation. Assembly can amount to substantial transformation, depending on the nature and complexity of the process. A product made up of components from a number of countries can become a UK good in terms of US non-preferential rules of origin provided it is sufficiently transformed. Simple pre-assembled parts fitted easily together may not satisfy the US substantial transformation test.

A key CBP decision from 2016 (HQ H287548) clarified this multi-factor approach, emphasising that no single factor is determinative, but rather the totality of circumstances must support a finding of substantial transformation.

CBP considers a range of factors when assessing substantial transformation, including:

- Number of components assembled
- Number and type of operations involved
- Time required for assembly
- Skill levels of workers
- Level of detail and precision in assembly
- Value added by assembly
- Design and development resources expended
- Extent of post-assembly inspection and testing
- Nature of post-assembly testing
- Origin and significance of components used

- Employment generated by the process

Important to consider that as of 10 April the additional US duties which came into effect on 9 April have been suspended for those countries which did not retaliate. The EU will come into that category as its measures responding to the original steel and aluminium tariffs were due to come into effect on 15 April, but have been suspended for 90 days by the European Commission.

- **Are there differences in treatment based on where the goods are exported from versus where they were manufactured?**

CBP is alive to the possibility of trans-shipment being used as a means to circumvent rules of origin and liability for customs duty. The determining factor is the origin of the product not where the goods were shipped from.

3. Harmonised System (HS) and Commodity Codes

- **Will we need to list two HS codes (main and tariff) on commercial invoices?**
- **Is there a central place to check HS code-specific tariffs or whether a product falls into a tariff-exempt category?**

No. Listing the 10-digit [Harmonized Tariff Schedule \(HTS\)](#) Code is sufficient on the commercial invoice. The list of goods exempt from the 10% reciprocal tariffs with 8-digit commodity codes – global baseline - can be found [here](#) – in Annex II to the US President's Executive Order.

- **How do we classify components that may attract different tariff levels?**

Using the HTS classification online search tool (see above) should yield the correct commodity code. In relation to the tariffs on steel products, for any derivative steel product in Annex 1 of Proclamation 10896 that is not in Chapter 73 of the HTSUS, the additional ad valorem duty applies only to the steel content of the derivative steel product – so this would need to be quantified.

4. Documentation & Customs Procedures

- **Do exporters need to confirm compliance with rules of origin on customs invoices?**

Yes, so that the correct classification is applied to the goods by CBP. Supporting evidence of origin may be required as well.

- **Will US Customs require UK Certificates of Origin or mill certificates for steel goods?**

Yes, for steel imports classified under Chapter 72 or Headings 7301 to 7307 under Chapter 73 a mill analysis or mill test certificate is required.

- **Will CBP accept UK-issued certificates to prove origin?**

They can be helpful, not may not be decisive in proving origin.

- **How do we ensure couriers (e.g. FedEx) apply the correct tariff rate?**

Liaising closely with the courier to ensure they know the precise nature of the goods and can apply the correct 10-digit HTS code to the goods, and the correct applicable duty rate as a result.

5. De Minimis and Low-Value Shipments

- **Is the \$800 de minimis threshold still in place for B2B and B2C shipments?**

For non-China goods – yes, subject to further enquiries by the US Administration which may inform subsequent changes in policy.

- **Are Chinese-origin items excluded from de minimis treatment, even if shipped from the UK?**

Yes, the de minimis threshold for China origin goods has been abolished – duties will be enforced against consignments containing low value goods of China origin.

- **Will splitting shipments by country of origin help avoid unnecessary duty?**

It can do. Until July at the earliest the global baseline 10% additional rates of duty will apply, with the exception of China where the additional import duties into the US are now 145% since the start of February.

6. Sector-Specific Concerns

- **Are medical devices, pharmaceuticals, or R&D-related goods exempt?**

Pharmaceutical medicines are exempt from the reciprocal tariff duties – further tariff changes may be made in due course, but for now the zero tariff arrangements into the US continue to apply. There is no exemption from the reciprocal tariffs for medical devices, nor for R&D related goods.

- **Are military and defence-related exports subject to the new tariffs?**

Yes

- **Will laboratory, educational or prototype goods face tariffs?**

Yes unless they fall within the list of exceptions to the US global baseline tariff.

7. Tariff Application by Supply Chain Scenario

- **How are goods treated if:**
 - **Sent from the UK to the US but originally from the EU or China?**

For China origin goods, additional duties of 145% will be payable, compared with applicable duty rates at the start of February 2025, irrespective of which country they are shipped from.

- **Manufactured in Thailand, then finalised in the UK before US export?**

If substantially transformed in the UK, the goods could become UK goods under the non-preferential rules of origin in the US. If only repackaged in the UK, they will remain Thailand origin goods. Under the 90-day tariff pause until July, the same 10% increased duties under the global baseline tariff will apply equally to goods of Thai or UK origin.

- **Shipped temporarily to the US for assembly or further export?**

If the goods are placed in a customs warehouse, no duties are payable, but when the goods are released into free circulation duties will be payable depending on the nature of the goods and their origin.

- **Imported into the UK from the US, then re-exported to the US?**

Temporary Admission allows goods to be imported into the UK without paying VAT or customs duties, as long as they are re-exported to the US normally within 2 years. Prior authorisation is required from HMRC on goods treated in this way. On re-export, the correct additional procedure code will need to be added. Where goods are being subject to US-UK-US movement for repair, outward processing relief can be used in a similar way.

- **Sent via stock transfer within a US-headquartered group?**

This involves a formal procedure with a written agreement and amending the company's stock transfer ledger.

- **Are tariffs based on the country of origin, last substantial transformation, or country of export?**

Based on the origin of goods, determined by the substantial transformation test if the goods are composite in nature.

8. Cost, Payment & Impact on Business

- **Who pays the tariffs – the exporter, importer, or the customer?**

Depends on the INCOTERMS used – under DDP (Delivery Duty Paid) INCOTERMS the exporter will be liable to deliver the goods free of tax or customs duties to the customer. In other INCOTERMS the importer of record is responsible for meeting the costs of the import duties.

- **Are there cost implications for insurance or logistics due to tariff volatility?**

A key requirement is the date the ships departed the port and went onto sea or in the air bound for the US. For goods subject to the new reciprocal global baseline rate tariff, liability applies for goods leaving to transit to the US after 5 April 2025.

- **Will UK companies exporting under DDP (Delivered Duty Paid) terms be liable for new costs?**

If those are the INCOTERMS agreed with their US customers then yes.

- **What can businesses do if tariffs are damaging their profitability?**

Look to diversify trading markets if possible to reduce tariff exposure in the US. Consider looking to markets where lower tariffs may apply – there is zero tariff trade with the EU, predominantly zero-tariff trade with the states in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) as well as Canada and Mexico (yet to ratify the UK's Accession Protocol to CPTPP). It is important to factor in other costs with a diversification plan, including regulatory compliance and winning market share in new target markets.

9. Exceptions, Reliefs and Simplifications

- **Can relief mechanisms like Inward Processing Relief (IPR) be used to avoid or delay duties?**

Lawful processes including for repairs or fixes to products can mitigate tariff costs in other markets on a temporary basis.

- **Are there exemptions for inter-company transfers or sale-or-return goods?**

As described above, particular processes must be gone through for stock moving via intra-company transfers. For sale or return goods, these must follow the same import processes as other goods movements, including declarations and duties. Where the consignment is worth less than \$2,500 and are not controlled goods, they can enter the US on an informal basis, declared on arrival, with an entry summary document, and potentially a customs bond.

- **What about goods being re-exported after US assembly or repair?**

As described above, there are lawful mechanisms and reliefs available to facilitate duty free movements of such goods.

10. Government Support & Next Steps

- **Is there UK government support for businesses affected by these tariffs?**

The UK government has outlined support available for firms through the standard facilities from the British Business Bank.

- **What can Chambers of Commerce do to help?**

We can help advise firms on the options, the correct tariff rates which will apply, the origin of the goods, and how to ensure the most effective communication with shipping companies, customs agents and your US customers. You can find your local [Accredited Chamber here](#).

- **Will there be further webinars or updates as the situation evolves?**

Yes, the BCC will be in contact with details of when in the near future.

- **Could reciprocal tariffs from the UK be used as leverage to negotiate a trade deal?**

The UK has said it will not seek to impose retaliatory measures for now, like other countries including Japan, Australia and India. The UK government is consulting until 1 May on counter-measures which could be taken if a satisfactory outcome is not reached with the US. The US declared on 9 April that the tariffs above the global baseline level of 10% would be suspended for 90 days to allow negotiations with those countries which have not retaliated. The EU suspended its proposed counter-measures on 10 April for 90 days, to facilitate negotiations with the US. More than 70 countries are now in negotiations with the US, but any retaliatory measures now are not seen as leverage.