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REQUESTING EXEMPTION FROM NEW 25 PERCENT TARIFF ON CHINESE GOODS

by Ricardo Rivera, Gray Reed & McGraw
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On July 6, 2018, U.S. Customs and Border Protection began collecting an additional 25 percent tariff on numerous products imported from China. These tariffs, imposed under Section 301 of the Trade Act of 1974, are the response to an investigation that concluded China was engaging in unfair trade practices. The new 25 percent tariff will apply in addition to any duty already collected on the product imported from China.

The U.S. Trade Representative (USTR) has announced a process for requesting product-specific exemptions from these incremental tariffs. If granted, the exemption would be retroactive to July 6, 2018, and last for 1 year. The main factors that will be considered by the USTR in granting a request include:

1. Whether the particular product is available only from China.
2. Whether the tariffs will cause severe economic harm to the requestor or other US interests.
3. Whether the particular product is strategically important or related to "Made in China 2025" or other Chinese industrial programs.

All exemption requests are due by October 9, 2018. The requests will be available to the public on the USTR's website. Interested third parties have 14 days after an exemption request is posted to file a response in support or opposition of the request. Replies to responses are due 7 days after the response is posted.

It is important that companies importing goods or component parts from China be aware of the process and the deadline to request relief from this new tariff. Should you have any questions about this process or need assistance with preparing a Section 301 exemption request, please contact Ricky Rivera at 469.320.6030 or rivera@grayreed.com.

ABOUT THE AUTHOR



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Ricky Rivera has broad experience in tax and corporate transactional matters. He has an extensive background in handling and structuring business transactions, partnership and corporate tax planning and corporate governance in a variety of areas. Prior to joining Gray Reed, Ricky served as Director & Tax Counsel for American Airlines, where he was in charge of federal taxes, international taxes with a focus on Latin America, and employee benefits and executive compensation issues. He received his J.D., *magna cum laude*, from the University of Puerto Rico School of Law; and his LL.M. in Taxation with a Certificate in Employee Benefits Law from the Georgetown University Law Center. He is also a CPA and a member of the Texas Society of Certified Public Accountants.

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