



Importing Furniture:
"Understanding the Real Cost – Importer of
Record, Tariffs, and Trade Policy Impacts"

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Today's Speakers

On Behalf of CVI International



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Being an importer or record (IOR)

- The IOR is held responsible for the proper entry of goods and the payment of any duty, fees or taxes owed.
 - This includes duty rate increases, tariff changes or ADD/CVD cases determined to apply to their imports.
 - Non-payment of duties or Customs invoices may land the importer on the National Sanctions List, a near death penalty for importers
- In all but rare cases the IOR is liable for all penalties and fines levied by Customs.
 - Under USMCA Customs will levy fines or penalties on the certifying party.
 - Should your supplier include non-compliant wood packaging in violation of the Solid Wood Packing Materials rules, the importer is required to arrange for the re-export of the wood and is liable for any penalties.
 - If the shipper undervalues the product, sends goods which are further regulated or provides incorrect classification advise, it is the importer who must be responsible for any other reporting requirements or cover any additional charges.
- The IOR must file a bond for each shipment or maintain a continuous bond to cover all their shipments.
 - Continuous bonds must be renewed annually, and they must maintain an adequate coverage.
 - Bonds may come with a requirement to provide financial information and sometimes collateral up to the bond overage limit.
- Maintain for at least 5 years all records of their transactions which involve Customs.
 - This is usually taken to be five years past the liquidation of the entry (normally about a year of entry), but it is based on the last Customs action. Note that ADD/CVD entries may take years, many years, before they liquidate.

Tariffs and Furniture Imports

Many of the current tariffs affect furniture and home accessories. Goods of China origin may be under the Section 301 tariffs which have been in place since 2018. Wooden bedroom furniture from China is still covered by an active ADD case as are other products from other countries.

The immediate effect on furniture importers is the added cost, tariffs or 10% to 145% are difficult if not impossible to absorb and how much relief your supplier can legally provide is limited. Less obvious is the effect the tariffs have on your bond sufficiency.

These tariffs “stack” causing the duties payable to escalate rapidly.

Example, a mirror imported from China will fall under the following:

Base duty rate (7009.92.5095)	9%
Section 301 tariff (9903.88.03)	25%
IEEPA/Fentanyl tariff (9903.01.24)	20%
IEEPA/Reciprocal tariff (9903.91.63)	125%

The total duty due is 179% of the FOB value of the mirrors. Products once duty free can be charged from 145% to 170% if made in China.

Some goods also fall under the Section 232 tariffs for steel or aluminum derivatives but currently goods under these tariffs are exempt from the IEEPA/Reciprocal tariffs. Whether this exemption will remain is anybody's guess.



Tariffs and Furniture Imports

Products once duty free can be charged from 145% to 170% if made in China.

But the tariffs are not just for goods from China.

- Non – USMCA eligible goods from Canada and Mexico may be charged 25 to 50% (IEEPA/Fentanyl & Section 232).
- Goods from all countries with normal trade relations with the US are being charged at least a 10% IEEPA/Reciprocal tariff.
- Currently the higher country specific IEEPA/Reciprocal tariffs are paused until July **. This list covers countries such as Vietnam (46%), Indonesia (32%), Malaysia (24%) and Thailand (36%). The countries of the EU were given a 20% tariff. These country specific are paused, they are not gone.
- Goods under a Section 232 steel or aluminum derivatives tariff which are not entered under chapters 73 and 76 (think 9403.20.0050) may be assessed the tariff on only the steel or aluminum component of the product. This requires a reporting value and weight of the steel or aluminum component. The steel and/or aluminum component value is entered separately from the remaining components and the tariff is assessed only on that value.

Still active is an exemption granted for goods which were laden on the export mode of transport prior to April 5 and which are entered for consumption prior to May 27. The window is closing.



Ongoing Cost Complications

- The tariff situation is very fluid. As you know new, or revised tariff actions are announced with alarming frequency.
- Country specific IEEPA/Reciprocal tariffs while paused can be implemented quick, the processes and programming is in place.
- As will be discussed later, there are other tariff and non-tariff actions which may be coming in the short term.
- You may be required to increase the coverage of your continuous bond. You may be required to post collateral (cash or an irrevocable LC) for your bond.

It's very hard to calculate costs and required pricing when you don't know precisely what you will be paying. This is not an easy time to be an importer (nor a broker).

The Tariff Actions Since February (IEEPA = International Economic Emergency Powers Act)

- IEEPA/Fentanyl tariffs on China and Hong Kong at 20% effective March 4.
- IEEPA/Fentanyl tariffs on Canada at 25% effective March 4 but amended March 7 to exempt USMCA-eligible goods and allow for a 10% rate on potash and energy products.
- IEEPA/Fentanyl tariffs on Mexico at 25% effective March 4 but amended on March 7 to exempt USMCA-eligible goods and allow for a 10% rate on potash products.
- A major expansion of the lists of derivative steel and aluminum products to be assessed a 25% Section 232 tariff. This action also increased the aluminum tariff to 25% from the original 10% tariff.
- The March 12 elimination of the country-specific exemptions and tariff rate quotas to the Section 232 tariffs.
- The March 12 elimination of the general approved exclusions (GAE) to the Section 232 tariffs.
- The 232 action also provided for collection of the additional tariffs only on the component steel or aluminum on some derivative products. This added to our efforts to obtain the necessary information for reporting and the need for multiple entry lines for a single product, not to mention the selection of the proper provisional HTS. Importers also have to expend additional time gathering the information to be reported.
- Imports of beer and empty aluminum cans were added as aluminum derivatives effective April 3.
- Expansion of the 25% Section 232 tariffs to cover automobiles (April 3) and "major automotive components" (May 3). These will have unique provisional HTS codes.
- IEEPA/Reciprocal tariffs effective for goods from all countries on April 5 at 10%. This included an exemption for goods assessed a Section 232 tariff. The IEEPA/Reciprocal tariffs also have a long list of HTS numbers that are excluded and a provision to exclude some tariffs on products with a 20% US content from the tariff.
- Increased IEEPA/Reciprocal tariffs levied on specific countries were announced to replace the worldwide 10% tariff. These increased tariffs applied to all major trading partners and are assessed at a range from 11% up to 50%. Each tariff level had a unique provisional HTS and was scheduled to be effective on April 9
- An increase from 34% to 84% on the IEEPA/Reciprocal tariffs for China, Hong Kong and Macau was announced for April 9.
- On April 9, the effective date of the increased IEEPA/Reciprocal tariffs it was announced that the tariff rate for China, Hong Kong and Macau would be immediately increased to 125% following China's move to increase tariffs on US goods to 84%. The increased tariffs charged to specific countries were paused for 90 days and the tariffs were reset the 10% rate for all countries other than China, Hong Kong and Macau. This also paused their rate specific provisional HTS codes.
- On May 3 goods from China, Hong Kong and Macau will not longer be eligible for the \$800 de minimis exemption.
- On April 11, an additional list of 20 HTS headings covering electronics such goods as smartphones, laptops and semiconductors were added to the exceptions list for the IEEPA/Reciprocal tariffs. The entire 8471 heading is included on this list, that covers all home and business computers, keyboards, and data storage units. These exemptions have been described as temporary.

Common Compliance Mistakes

- Incorrect HTS Classification – the most common mistake and potentially the most costly
- Incorrect Country of Origin declared
- Under-reporting shipment value
- Late or non-filing of ISF
- Not communicating with your Customs Broker
- Failure to exercise “reasonable care” and “due diligence”
- **REMINDER** – *the importer of record is always responsible for compliance and liable for all Customs penalties*



Real World Comparison

Direct importing versus Third-Party importing

- A Direct Importer can better control costs and avoid unnecessary mark-ups
- A Direct Importer can leverage volumes to reduce costs
- A Direct Importer has more flexibility in product pricing, choosing suppliers based on cost-analysis
- A Direct Importer DOES assume all the risks of being an importer, and is fully liable to US Customs for any issues
- REMINDER – having a reliable forward and customs broker is key!



Forecasting Future Risk in Global Furniture Sourcing

- Addressing country specific issues, including logistics challenges, trade relationship with the US, punitive tariffs, security challenges
- Understanding the ever-changing tariffs and import regulations
- Due diligence in vetting potential suppliers to reduce risk exposure
- Careful analysis of product HTS classification – accuracy is key!
- Monitor the news for latest trade agreements and to take note of potential “problem spots”





Questions?

- NOTE: The information presented today is based on the administration's stated plans as of 4/17/25. Please contact your carriers/brokers etc... to confirm as this is in a state of constant change.
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 - On behalf of the AHFA, **thank you** for participating today!

