AAEI TRADE SOLUTIONS WEBINAR

Tariffs and trade have changed again. Is your compliance program keeping up?

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DISCLAIMER

Before we begin

Please keep the following in mind during today's session.

- While we hope you'll find this discussion helpful, this session is for informational purposes only and is not legal or tax advice.
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YOUR PRESENTER

Meet your presenter

Cross-border compliance and HS classification at Avalara



Colin Haynes

Solutions Consultant, Cross-Border, Avalara

- With Avalara since 2021, specializing in HS classification
- Helps importers understand cross-border compliance requirements and build tariff classification and trade workflows
- Based in Ontario, Canada

SESSION OVERVIEW

Today's Agenda

Five topics in 60 minutes, with time for your questions

01

What changed, and what needs action now

U.S. tariff layers, the new IOR rule, ET13, refunds, EU fees

02

Where compliance programs fall behind

The five gaps that open when rules change

03

Cutting risk and protecting margin

A five-step playbook you can start this quarter

04

Keeping up without adding headcount

Where automation takes work off your team

05

Live Q&A and resources

Your questions, answered

LIVE AUDIENCE POLL #1

How does your team track tariff and customs changes today?

Choose the option that best describes your team.

A Manual monitoring of Federal Register, CSMS, and USTR notices

B Alerts from our broker or carrier

C A dedicated trade content service or software

D No formal process yet

WHAT NEEDS ACTION NOW

Five dates in the next 70 days need action now

Key deadlines from Nov 23, 2026 through Jan 20, 2027, color-coded by urgency



BOTTOM LINE Most of these deadlines land within the same two weeks in January. Plan now, not in December.

U.S. TARIFF UPDATE

U.S. duty layers keep stacking, so one HTS error now hits several rates

Base rate, Section 301, Section 232, and AD/CVD can all apply to the same entry line

Section 301 expansion

10%–12.5% on most imports from 60+ trading partners since July 24, 2026. Brazil adds 25% since July 22.

Section 232

10%–50% on steel, aluminum, and copper (25% on derivatives). 100% on patented pharmaceuticals and APIs since July 31.

China exclusions

USTR extended 178 Section 301 exclusions on Nov 6, but only through Jan 9, 2027. Entry date counts, not order or ship date.

Legal risk

25 states and two small-business groups are challenging the Section 301 tariffs

Illustrative duty stack on one product



AD/CVD
Case-specific orders

Section 232
By product

Section 301
By country of origin

Base HTS rate
By classification

Illustrative only; not to scale. Layers vary by product, origin, and entry date.

BOTTOM LINE Duties now stack by country, product, and date. Classification and origin data have to be right on every line.

CBP ENFORCEMENT UPDATE

CBP's new importer-of-record rule changes who can file, starting ~Jan 5, 2027

Every entry will need a declared U.S. or foreign IOR status

What

Interim final rule under EO 14411, issued Nov 5 and published Nov 6. Effective 60 days after publication.

U.S. IOR test

At least 51% owned by U.S. persons, or directly owns significant unencumbered U.S. real property. Everyone else is a foreign IOR.

Foreign IORs

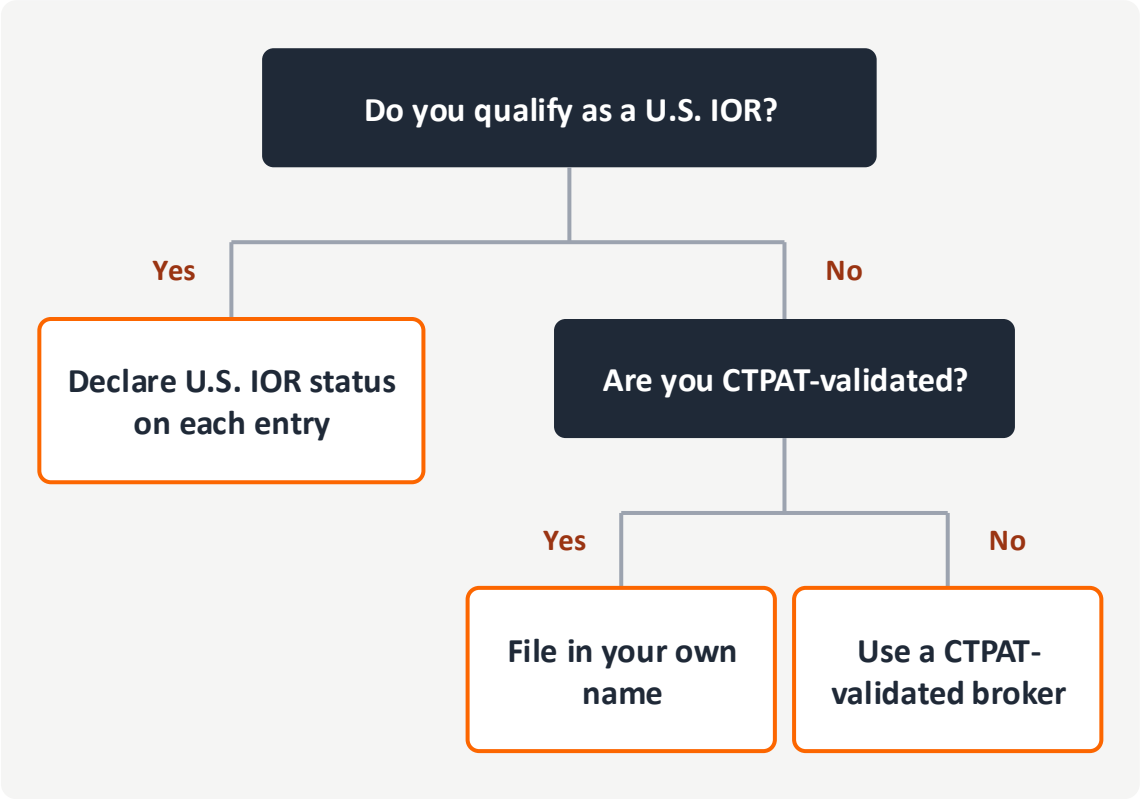
Must be CTPAT-validated (in practice, only Canadian entities qualify) or file through a CTPAT-validated broker

Broker capacity

Only ~21% of active customs brokers (643 of 3,100) are CTPAT-validated

Every entry

You'll declare U.S. IOR status, brokers must verify it and keep records for 5 years, and errors risk live entry or loss of immediate delivery



BOTTOM LINE Confirm your IOR status and your broker's CTPAT validation before January.

U.S. POSTAL ENTRY UPDATE

Entry Type 13 was delayed, not canceled

Mandatory ET13 for postal shipments ≤ $2,500 now starts Jan 20, 2027

WHAT CHANGED

- CBP moved mandatory ET13 for postal shipments ≤ $2,500 from Oct 22, 2026, to Jan 20, 2027
- Voluntary testing is open now



WHAT STILL MATTERS

- Covered flows include Section 201, 232, and 301 goods and PGA-regulated goods. Formal entry may be required if ET13 isn't used.
- HTS, value, origin, and duty data must be accurate at filing
- Use the extension to test with brokers and carriers

BOTTOM LINE The deadline moved, but the data work didn't.

IEEPA refunds: money is still on the table, but the window depends on entry status

Route each entry to CAPE, protest, or court based on its liquidation status

THE RULING The Supreme Court struck down the IEEPA tariffs (Feb 20, 2026), and CBP is paying refunds through CAPE in ACE

LANE 1 **Unliquidated or liquidated ≤ 80 days ago**	→	**File a CAPE declaration** — Refunds are paid through CAPE in ACE
LANE 2 **Liquidated 81–180 days ago**	→	**File a protest** — Protest before the 180-day deadline
LANE 3 **Finally liquidated**	→	**Court action** — The CIT class certified Oct 8 may cover you, but the appeal deadline is Nov 23 and certification isn't a refund order.

No declaration, no refund. Validate ACH settings in ACE so payments aren't held.

BOTTOM LINE Pull your entry list now and route each entry before deadlines lapse.

EUROPEAN UNION CUSTOMS

Exporting to the EU now costs more and needs more data per line

New per-line duties, fees, and data requirements for low-value ecommerce goods

€3 flat customs duty

On low-value ecommerce goods since July 1, 2026

€2 Union handling fee

Since Nov 1, 2026, charged per declaration line on top of the duty

Product identifiers (PIDs)

Became mandatory Nov 1. Missing or weak item data can cause holds or carrier rejections.

Line splits

Lines are split by tariff classification, description, and origin, so classification detail drives cost

Per-line cost build: three-line order



3 × (€3 duty + €2 fee)

= €15 before VAT

BOTTOM LINE For U.S. exporters, classification precision is now a direct cost lever in the EU.

COMPLIANCE GAPS

Compliance programs fall behind in five predictable places

Each gap is a point where a policy change can fail to reach the filed entry



01

Classification drift

HTS codes aren't re-checked when Chapter 99 measures or exclusions change

02

Duty-stacking logic

Landed-cost models miss new 301 and 232 layers or the country-of-origin rules behind them

03

Importer records

IOR status, Form 5106, ACH, and broker POAs go stale

04

Deadline tracking

Refund, protest, and exclusion dates are tracked by hand

05

Partner handoffs

Brokers, carriers, and internal teams work from different product data

BOTTOM LINE The rules themselves aren't the gap. The process of absorbing each change is.

LIVE AUDIENCE POLL #2

Where is your program most exposed right now?

Choose the area that concerns you most.

A Keeping HTS classifications current

B Calculating the full duty stack and landed cost

C IOR, broker, and ACE record readiness

D Tracking refund, protest, and exclusion deadlines

RISK ASSESSMENT

Falling behind shows up as delays, penalties, and lost margin

The cost of a slow response lands across operations, compliance, and margin

OPERATIONAL RISK

- Holds and delays from wrong HTS codes or missing PIDs
- Demurrage and storage fees pile up
- Postal flows stall without ET13 readiness

REGULATORY RISK

- Penalties and live entry for wrong IOR declarations
- Higher audit scrutiny on origin and transshipment
- Broker penalties under 19 U.S.C. 1592

COMMERCIAL RISK

- Unplanned 301 or 232 duties wipe out product margin
- Overpaid duties and missed refunds
- Surprise costs passed on to customers

STRATEGIC PLAYBOOK

Five steps to cut risk and protect margin this quarter

A practical playbook you can start before the January deadlines

1	**Re-validate HTS codes**	Check against current Chapter 99, starting with the 178 China exclusions that expire Jan 9	Before Jan 9
2	**Model the full duty stack**	Base rate + 301 + 232 + AD/CVD by origin, before pricing and sourcing decisions	Before pricing
3	**Confirm IOR and broker status**	Confirm IOR status and broker CTPAT validation before the new rule takes effect	Before ~Jan 5
4	**Route every IEEPA entry**	To CAPE, protest, or court, and fix ACH settings in ACE	Now
5	**Align partners on one data set**	One product data set for HTS, origin, PIDs, and value across brokers and carriers	This quarter

KEEPING UP WITHOUT ADDING HEADCOUNT

Automation helps you keep up without adding headcount

From product data to compliant entry, with less manual work at each step



Tariff Code Classification

AI-assisted HS/HTS classification with trade-specialist review, available managed or self-serve

AvaTax Cross-Border

Calculates duties, taxes, and fees, including the EU €2 handling fee, at quote and checkout

Continuously updated tariff content

Rate, measure, and de minimis changes across 180+ countries

Integrations

Connects to ERP and commerce platforms such as NetSuite, Shopify, and BigCommerce

SUMMARY AND OPEN DISCUSSION

Key takeaways and live Q&A

Act before January, then bring us your questions

ACT BEFORE JANUARY

- ☑ Check your HTS codes against the Jan 9 exclusion cutoff
- ☑ Confirm IOR status and broker CTPAT validation before ~Jan 5
- ☑ Prepare for mandatory ET13 by Jan 20
- ☑ Route IEEPA refund entries now

QUESTIONS FOR COLIN?

Q&A

Drop them in the Q&A box

Avalara cross-border resources

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