



RECIPROCAL TARIFFS - ANNEX III AND FTZ IMMEDIATE ACTION (April 3, 2025)

ANNEX III

As follow-up to our earlier “What’s New” [notice, Annex III](#) to the Executive Order has been posted. It provides specific HTSUS language on the reciprocal tariffs and their exemptions.

Reciprocal tariffs will begin at a 10% reciprocal tariff rate effective April 5, 2025, and country-specific reciprocal tariffs go into effect April 9, 2025.

Review [Annex III](#) to confirm if imported material is not subject to reciprocal tariffs. The HTSUS list is on Pages 15-20 and appears to be the same as the HTSUS list in [Annex II](#). Annex III does not provide separate treatment for FTZ goods.

FOREIGN-TRADE ZONES

- **MANDATED PRIVILEGED FOREIGN (PF) STATUS ADMISSION DATE** . The Executive Order states that subject articles must be admitted into FTZs in PF status beginning April 9, not April 5. It is possible that the [Federal Register](#) notice or CSMS message could provide different date guidance. If imported material is not subject to reciprocal tariffs, it can be admitted in non-privileged foreign (NPF) status (if PF status is not required for another reason), distributed and/or used in production/manufacturing, and shipped without incurring reciprocal tariffs.
- **ON-HAND FTZ INVENTORY**
 - **POTENTIAL PF STATUS**. CBP Headquarters has confirmed that there is no definitive guidance on whether placing FTZ material in PF status in advance of the April 5 effective date of the reciprocal tariffs will lock in normal tariffs and exclude the PF status articles from reciprocal tariffs if entered on or after April 5. This could change when the [Federal Register](#) notice or CSMS message are published. There is no timetable for their release, but we expect additional guidance to be issued before the reciprocal tariffs go into effect on April 5. Nevertheless, there is the ability to change NPF status for current FTZ on-hand inventory to PF status to potentially lock in normal tariffs and exclude reciprocal tariffs.
 - **TYPE 06 CUSTOMS ENTRY** . The safest and most conservative action is to file Customs entry on April 4 on all on-hand FTZ inventory subject to reciprocal tariffs before the April 5 effective date.
 - The local CBP Port office must be notified to secure agreement of a Non-Processing/Processing statement in order to avoid the 5-day removal requirement.
 - Alternately, the FTZ activated boundary can be altered to reduce the activated zone area to exclude the location of the material subject to Customs entry. Later, an Alteration Application can be filed to restore the deactivated area to its original state.

- If FTZ production/manufacturing activity substantially transforms the FTZ-admitted material, then the CBP CATAIR and the CBP FTZ Manual, supported by Customs rulings, provide that the origin can be identified as U.S. and the MID is the FTZ Number.

IN-TRANSIT SHIPMENTS

- The Executive Order provides an in-transit exemption from the reciprocal tariffs for goods loaded onto a vessel at the port of loading and in-transit on the final mode of transit before the April 5 and April 9 effective dates of the reciprocal tariffs.

Please contact [Marshall Miller](#), [Brian Murphy](#), [Sean Murray](#), [Linda King](#), or [David Ostheimer](#) with questions.

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