

**State of Tax, Legal & People**

# US developments and impact on trade around the globe

**Tuesday 4 March**



# Welcome

- If this webinar is watched live, you will be eligible for 1 PE point
- Via the chat function you can ask your questions directly
- For other questions, please contact your PwC consultant or fill in the form on [pwc.nl](https://pwc.nl)
- Webcast and presentation will be made available afterwards
- Evaluation form afterwards

# Agenda

1. Tax Policy Developments
2. Customs and Trade
3. Transfer Pricing
4. Wrap-up & Closing



01

# Tax Policy Developments



# Tax Policy Developments

**US: Re-election of Trump has led to intensification of policies, trade restrictions and global tension**

- Treasury and IRS leadership changes
- Executive Order to pause and review all future regulations
- America First Trade Policy Executive Order
- OECD Global Tax Deal Executive Order
- U.S. funding and involvement in the UN and other international organizations Executive Order
- Reciprocal Trade and Tariffs Executive Order
- Defending American Companies and Innovators From Overseas Extortion and Unfair Fines and Penalties Executive Order





# Tax Policy Developments

- Asia

- The governments of India, Singapore and Hong Kong presented their respective 2025 Budgets in February.
- Many similarities in themes (e.g. use of tax incentives, emphasis on talent, innovation and technology development, enhancements to the financing ecosystem and capital markets), though given the different economic profiles (with Singapore and Hong Kong being hub economies whereas India has a large domestic market)
- Some differences: a slew of non-tax measures introduced to enhance capabilities.

## India

<https://www.pwc.com/us/en/services/tax/library/india-budget-2025-impact-on-foreign-investors-and-multinationals.html>

## Singapore

<https://www.pwc.com/sg/en/publications/assets/page/top-five-measures-for-businesses-2025.pdf>

<https://www.pwc.com/sg/en/publications/singapore-budget/commentary.html>

## Hong Kong

<https://www.pwchk.com/en/press-room/press-releases/pr-260225.html>



# Tax Policy Developments

EU: Commission Work Program 2025: *Moving forward together: A Bolder, Simpler, Faster Union*

- Communication on Implementation and Simplification
- The Competitiveness compass.
- Omnibus I: CSRD, CSDDD, EU taxonomy
- Omnibus II: CBAM and Clean Industrial Deal



# Tax Policy Developments

## Main players



**Wopke Hoekstra**

Commissioner for Climate,  
Net Zero and Clean Growth



**Teresa Ribera Rodríguez**

Executive Vice-President for  
Clean, Just and Competitive  
Transition



**Valdis Dombrovskis**

Commissioner for Economy  
and Productivity,  
Implementation and  
Simplification



**Pasquale Tridico**

Chair European Parliament  
subcommittee on Tax Matters  
(FISC)



02

## Customs and Trade



# What's happening

*"Trump tariffs reaction as it happened: US delays 25% tariffs on Canada and Mexico but keeps 10% levy on China"*

*"Donald Trump unveils 'reciprocal' tariff plan to hit trade partners"*

*"Donald Trump widens his attack on global trade with steel and aluminium tariffs"*

*"China imposes retaliatory tariffs on \$14bn worth of US goods"*

*"Canada announces retaliatory tariffs on long-time ally"*

*President von der Leyen:  
"Unjustified tariffs on the EU will not go unanswered—they will trigger firm and proportionate countermeasures"*

*"Ursula von der Leyen warns on 'fracturing' global economy after Trump tariff threat"*

*"Trump threatens to double tariffs on China and says punishing Mexico and Canada tariffs will go into effect March 4"*

*"Donald Trump hits Canada, Mexico and China with steep tariffs"*

*"Trump Administration Proposes Massive Port Fees on Chinese-Built Vessels"*

# The basics

## Calculation

- Duties are calculated by taking the **customs value** of a good and multiplying it with the **import duty rate**
- Import duty rate depends on **classification** and **origin** of a product

## When

- Duties become due when goods physically cross a border
- Customs Unions are an exception
- Customs planning possibilities

## Origin

- In essence where a product is produced
- Not necessarily the shipped from country
- Increasing importance

# Uncertainty

- There is a lot of uncertainty at the moment, however one thing companies do have is the data in their ERP systems which can be used to get insight into your supply chain.
- By analysing your import/export data (or if not available shipped to/shipped from data), you can assess your potential annual impact under prospective tariffs and other trade measures.
- These insights can be used to further analyse and potentially mitigate increased exposure in the short, medium, and long term.



## Flexibility of the supply chain

To be resilient against disruptions (e.g. Brexit, COVID-19, trade wars, etc) businesses need to start looking into diversifying their supply chain

# Mitigation



## Customs value

- FSFE a possibility
- Non-dutiable component in the customs value
- Charge separately for non-product related costs



## Align transfer pricing strategy

- Optimize transfer pricing strategy
- Decrease transfer prices by operational changes

## Master Data products

To mitigate country- and product-specific tariffs

- Correct classification
- Correct origin

## In case products will be exported again

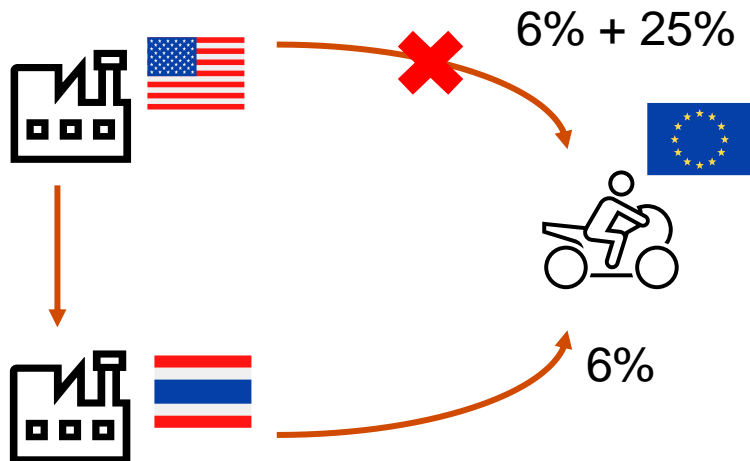
- Use of bonded storage in case products could potentially be exported again
- Possibility Duty Drawback
- In case of production, use of Inward Processing

## Origin

- Optimise use of preferential trade agreements

# Harley Davidson

In 2018, the Trump administration imposed additional tariffs on EU goods, 25% duty on steel and 10% on aluminium. In response, EU imposed customs duties on certain US products, which included Harley-Davidson motorcycles (25%).



Harley-Davidson decided to shift its production for EU market from US to Thailand as response to the duties imposed by EU and announced this publicly (in Form 8-K)

Harley-Davidson applied for a Binding Origin Information (BOI) ruling from Belgian Customs to certify that their Thailand manufactured motorcycles were of Thai origin, to ensure that they would be exempt from additional tariffs. BOI was initially granted but shortly thereafter revoked.

'Non-economic processing or working' (article 33 of Delegated Act UCC): Processing or working operation in another country is **considered non-economic** if it is established that the **primary purpose of such an operation was to avoid the application of trade measures**.

Relocation was primarily intended to circumvent the additional EU tariffs on US origin motorcycles. It can therefore not get the Thai non-preferential origin.



03

# Transfer Pricing

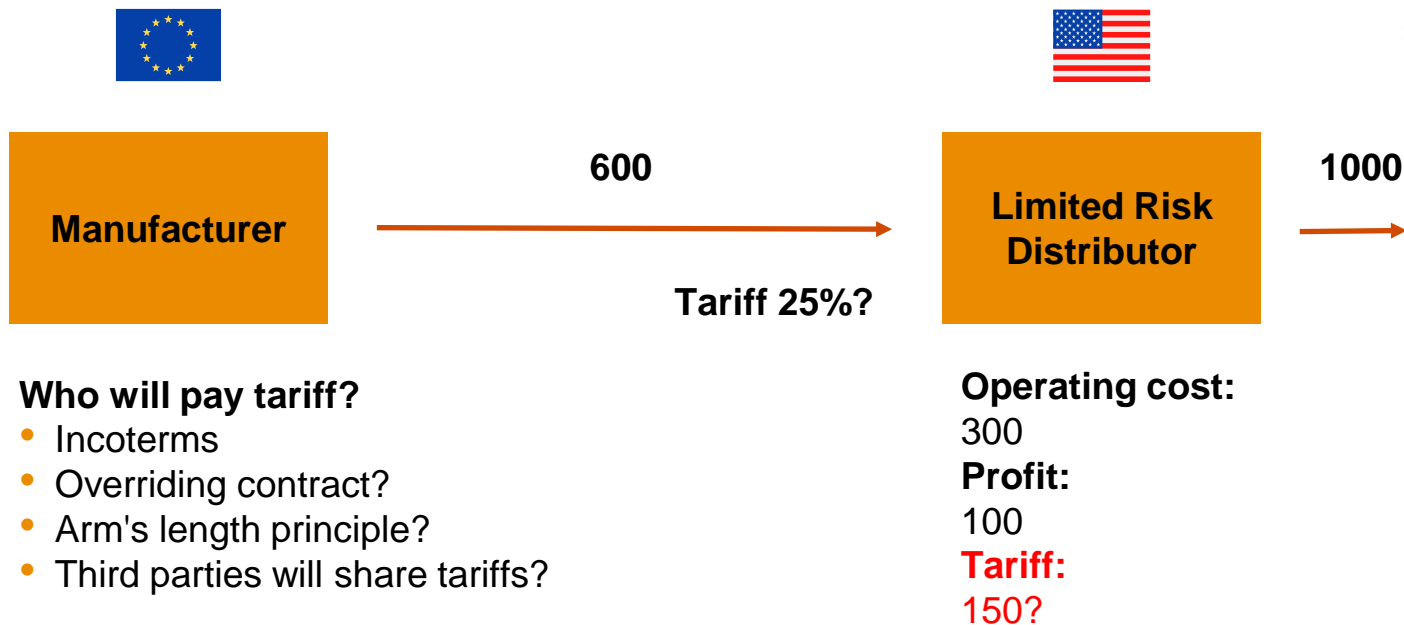


# Tariffs & TP

- Transfer price vs. Customs duty
- TP analysis recognises tariffs as an inventoriable or operating cost

|                     | Before Tariff | After Tariffs |
|---------------------|---------------|---------------|
| Sale                | 1000          | 1000          |
| COGS                | 600           | 600           |
| Tariff 25%          | 0             | 150           |
| <b>Gross Profit</b> | <b>400</b>    | <b>250</b>    |
| Operating Costs     | 300           | 300           |
| <b>Profit</b>       | <b>100</b>    | <b>(50)</b>   |

# Consequences?



Check intercompany contracts now

# Mitigation?



Manufacturer

100

1000



Agent

## Considerations

- Real operational change
- TP documentation
- Exit tax exposure?
- Discussion CBP, IRS, other TA



Manufacturer

Tariff 25%

600



Limited Risk Distributor

1000

# Impact on TP



## Impact on comparable results

- Changes in comparable financial results
- Limited availability of relevant comparables
- Impact on profit margin benchmarks
- Increased complexity of regional comparables

## Impact on tested party results

- Tested party margins
- Adjusted for tariff costs

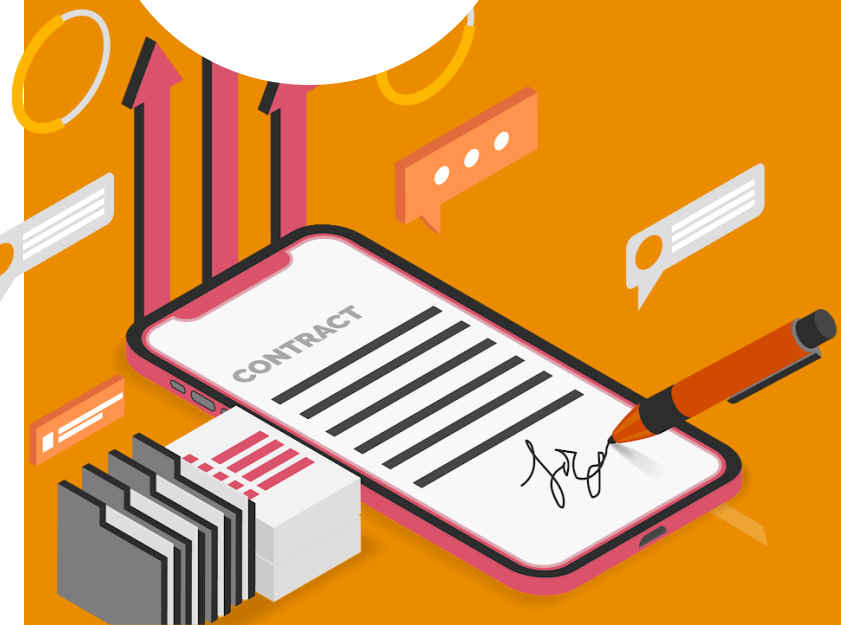
## Impact on political adjustments

- Customs and border patrol
- Tax treaties

04

## Wrap-up & Closing · · · ·

· · · ·  
· · · ·





# End-to-End strategy

## Supply Chain Assessment

- Optimise logistics and inventory management
- Strategic sourcing and procurement
- Demand planning & stockholding impacts

## Product Category Assessment

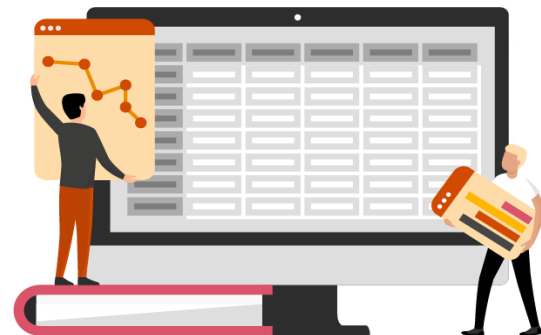
- Assessment of impact on product category (branded vs commodity etc.)
- Price elasticity and impact
- Estimated demand impact

## Market Dynamics

- Likely Customer response
- Impact on competitors both US and international
- Projected market exposure
- Sustainability & environmental taxes

## Business Model Impact

- Impact on COGS and options to mitigate
- Currency implications / trade finance
- Structural business model changes



**Again: Flexibility of the Supply Chain will be key**

# Key takeaways



Get insight into your supply chain



Holistic tax, customs & operational approach



Company / industry specific

# Closing

- **Questions?** Please contact your PwC advisor or let us know in the evaluation of this webcast.
- View this webcast or presentation at a later stage
- Stay up to date: register for our PwC Tax Newsletter on [pwc.nl](https://pwc.nl)
- ‘State of Tax’ webcast series continues on [pwc.nl/evenementen](https://pwc.nl/evenementen)
- Please fill in the evaluation form

# Contact



**Keetie Jakma**  
PwC expert tax policy

**T** +31 6 18565973  
**E** keetie.jakma@pwc.com



**Claudia Buysing Damsté**  
PwC expert indirect tax & customs

**T** +31 6 51030463  
**E** claudia.buysing.damste@pwc.com

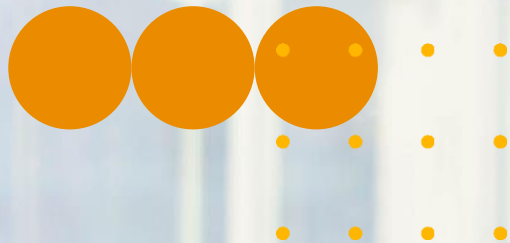


**Henrik Stipdonk**  
PwC expert transfer pricing

**T** +31 6 42380009  
**E** henrik.stipdonk@pwc.com

# Evaluation

- How would you rate this webinar on a scale from 1 to 10?
- The content was relevant. (Totally agree/Agree/Neutral/Disagree/Totally agree)
- Do you have any suggestions and/or comments?
- Do you have specific questions and would you like us to contact you?



# Thank you!



©2025 PwC. All rights reserved. Not for further distribution without the permission of PwC. "PwC" refers to the network of member firms of PricewaterhouseCoopers International Limited (PwCIL), or, as the context requires, individual member firms of the PwC network. Each member firm is a separate legal entity and does not act as agent of PwCIL or any other member firm. PwCIL does not provide any services to clients. PwCIL is not responsible or liable for the acts or omissions of any of its member firms nor can it control the exercise of their professional judgment or bind them in any way. No member firm is responsible or liable for the acts or omissions of any other member firm nor can it control the exercise of another member firm's professional judgment or bind another member firm or PwCIL in any way.