

Trade Alert: Navigating the U.S. Tariff Landscape: Current Tariff Rates and Tariff Stacking

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That Was Then and This Is Now: Tariff rates are traditionally a function of the classification of the item and the applicable Normal Trade Relation (“NTR”) country base rate (“**Rate 1**”) set forth in the US Harmonized Tariff Schedule (“HTSUS”). Increased tariff rates apply historically, if the country-of-origin of the item is from one of the countries without an NTR arrangement (“**Rate 2**”) (e.g. Russia and Iran) or a dumping or countervailing duty rate applies to the country-of-origin of the item. Most transactions were subject to the Rate 1 duties only.

During the first Trump administration, most Chinese goods became subject to Section 301 tariffs of 25% (some items remain at 7.5% and a few items are at 0%) and Section 232 tariffs on steel and aluminum, including certain derivatives, were implemented, but the effect was eased through country-specific quotas and the availability of company-specific exclusions. During this period, most transactions remained subject to the Rate 1 duties only.

Beginning in March 2025, several additional tariffs were implemented, such as (1) the current 10% universal tariff (“**Universal IEEPA**”¹) applicable to all countries except Mexico and Canada and the 25% fentanyl tariff for Mexico and Canada (the “**CA/MX IEEPA Tariff**”) under the International Economic Emergency Powers Act (“**IEEPA**”) and (2) the Section 232 tariffs (e.g. tariffs on automobiles and parts), where the rates depend upon the country-specific origin and the nature of the item, creating a complex and fluid system, where many of these tariffs stack upon each other (“**Stacking**”). In addition to Stacking, uncertainties persist surrounding the many tariff negotiations, where tariffs are announced without being implemented, implemented tariffs are paused without much advance notice, and paused tariffs are threatened to be rescinded. Understanding the “Stacking” rules as they relate to tariffs imposed on specific items (steel, aluminum and automobiles) and specific trade agreements (e.g. United States-Mexico-Canada Agreement (“**USMCA**”)) is critical for accurate landed cost calculations and compliance. The following guidance is designed to help U.S. importers to navigate the layered and evolving tariff structure, particularly concerning imports from China, the European Union and others.²

Stacking Guidance

An Executive Order (“**E.O.**”) 14289 of April 29, 2025, (“**Stacking Order**”) explicitly addressed “stacking” of overlapping tariffs. The Stacking Order was further modified by the June 3, 2025, White House Proclamation “Adjusting Imports of Aluminum and Steel” (“**Steel and Aluminum Proclamation**”), which gave precedence to Section 232 steel and aluminum tariffs over the CA/MX IEEPA Tariffs and clarified that non-metal content of mixed articles is subject to the reciprocal tariffs. Current Stacking Rules may be summarized as follows:

¹ The Universal IEEPA Tariffs were enacted for the purpose of pausing until July 9, 2025, the country-specific higher “**Reciprocal IEEPA Tariffs.**”

² Please note that the current tariffs are potentially subject to judicial review and modification. To learn more, see the DCG Alert ([link](#)) on the CIT ruling.

<u>Tariff Measure</u>	<u>Overlapping Tariffs Excluded</u>
<u>Section 232 Auto/Auto Parts</u>	<u>Excludes Section 232 Steel & Aluminum and CA/MX IEEPA Tariffs. Highest priority as of June 4, 2025.</u>
<u>Section 232 Steel & Aluminum</u>	<u>May both apply to same article (on metal content only, non-metal content is subject to IEEPA tariffs); excludes CA/MX IEEPA Tariffs.</u>
<u>CA/MX IEEPA Tariffs</u>	<u>Applies only if the above do not.</u>
<u>Other Duties (Rate1/Rate2, Sec. 301, Universal/Reciprocal IEEPA, AD/CVD, etc.)</u>	<u>Always cumulative on top of any of the above (not altered by E.O. 14289).</u>

Tariffs on Goods from China (current as of June 18, 2025)

In addition to the applicable Rate 1 tariff, for most goods from China, the current 2025 add-on tariff liability is **30%**, composed of:

- **10% Universal Tariff (IEEPA).** This rate took effect on May 14, 2025, replacing the prior 125% Reciprocal IEEPA Tariff for China under a *temporary 90-day* suspension (currently, through July 9, 2025). If a new agreement is not reached, this Reciprocal IEEPA Tariff for China is currently set to revert to 34% (not 125%) after the 90-day period on August 12, 2025.
- **20% IEEPA Fentanyl Tariff.** This tariff is imposed under IEEPA due to fentanyl concerns and remains in effect for all Chinese imports.
- **Tariff Stacking.** The 10% Universal IEEPA Tariff and 20% IEEPA Fentanyl Tariff **stack**—and are calculated in addition to—the applicable Rate 1 tariff and Section 301 Tariff (majority 25%, some 7.5% and a few items 0%), leading to significantly higher total duties on many Chinese products. The 10% Universal IEEPA Tariff does NOT stack with the Section 232 Tariffs, however.

Additional considerations for Chinese imports include the following:

- **No De Minimis Exemption.** The de minimis exception (shipments valued under \$800) for goods from China, Hong Kong and Macau has been *eliminated*. All shipments, regardless of value, are subject to all applicable tariffs.
- **USPS Shipments (Low-Value Parcels).** For low-value, direct-to-consumer parcels originating from China, Hong Kong and Macau and shipped via the U.S. Postal Service (USPS), a specific tariff rate of 54% of the value applies, effective May 14, 2025. Alternatively, there is a per-package flat-rate option of \$100. This 54% or \$100 flat rate is *in lieu of* the 30% IEEPA Tariffs (Universal and Fentanyl) and other duties (including Section 301 and Rate 1 duties) for these specific USPS shipments.

Other Key Tariffs & Stacking Rules

Section 232 Tariffs:

- **50% Steel and Aluminum Products & Derivatives.** The Steel and Aluminum Proclamation raised all existing Section 232 steel and aluminum rates from 25% to 50% duty on imports from all countries, including China, effective June 4, 2025 (excluding the UK). The Steel and Aluminum Proclamation amended the Stacking Order (E.O. 14289) so that (i) Section 232 steel/aluminum tariffs are given precedence over Universal/Reciprocal IEEPA Tariffs, and (ii) clarified that only the metal content of mixed articles is taxed under Section 232, while the non-metal content is subject to the separate Universal/Reciprocal tariff

(E.O. 14257) or other applicable duties. As of March 12, 2025, previous country exemptions and tariff-rate quotas have been eliminated.

- Effective June 28, 2025 (CSMS 65340246), if the aluminum primary and secondary smelt and cast country location for derivative products is “unknown,” Section 232 duties will be charged as Russian origin at the rate of 200%.
- **25% Autos and Auto Parts.** Effective April 3, 2025, a 25% tariff applies to imports of certain fully assembled passenger vehicles and light trucks from all countries. For certain other automobile parts, a 25% tariff went into effect on May 3, 2025. The Steel and Aluminum Proclamation made Section 232 autos/auto parts tariffs top priority. That said, any article subject to the Section 232 autos/auto parts tariff will not currently also be charged Section 232 steel, Section 232 aluminum, or the IEEPA CA/MX IEEPA Tariffs.
 - **Stacking Rule:** Section 232 tariffs (steel, aluminum, autos, auto parts) *DO NOT* stack with the 10% Universal IEEPA Tariff. They are applied independently. With respect to China, Section 232 tariffs *DO* stack with the 20% IEEPA Fentanyl Tariff for goods from China. For example, a Chinese steel product could face a total of 25% (Section 232) + 20% (IEEPA Fentanyl) = 45% tariff.

Section 301 Tariffs on China:

- A wide range of goods imported from China (including consumer goods, fabrics, plastics, medical equipment, batteries, minerals, solar components, and machinery) continue to be subject to Section 301 tariffs.
- **Rates Vary Widely.** Section 301 tariffs vary significantly by the product classification depending upon the HTSUS classification number, ranging from 0% and 7.5% to 25%.
- **Stacking Rule.** Section 301 tariffs *DO STACK* with the current 20% IEEPA Fentanyl Tariff for goods from China and the 10% IEEPA Universal/Reciprocal Tariffs. This means that a Chinese product subject to both Section 301 and the 20% IEEPA Fentanyl Tariff for goods from China and the 10% (IEEPA Universal Tariff) will face a combined higher duty. For example:
 - If a product is on a Section 301 list with a 25% tariff, the total duty could be 25% (Section 301) + 20% (IEEPA Fentanyl) + 10% (IEEPA Universal) = 55% tariff.
 - If a product is on a Section 301 list with a 7.5% tariff, the total duty could be 7.5% (Section 301) + 20% (IEEPA Fentanyl) + 10% (IEEPA Universal Reciprocal) = 37.5%.

Tariffs under Specific Trade Agreements

USMCA:

- **General USMCA Rule:** Imports from Canada and Mexico are subject to a 25% CA/MX IEEPA Tariff, unless the item qualifies for preferential treatment at the -0- rate for USMCA originating products (“**Originating Products**”).
- **General Exclusion from Universal/Reciprocal Tariffs.** Goods from Canada and Mexico that are Originating Products are generally exempt from the Canada/Mexico 25% CA/MX IEEPA Tariff.
- **Section 232 and USMCA:**
 - Automobiles/Automobile parts qualifying for USMCA treatment are currently exempt from the new Section 232 auto parts tariffs until a specific process is established to apply the tariff only to the non-U.S. content.
 - Section 232 Steel and Aluminum. Previously, the U.S. had negotiated quotas or exemptions for certain partners, including Canada and Mexico. As of March 12, 2025, those exemptions were eliminated, and Canadian and Mexican steel and aluminum (an Originating Product under USMCA)

became subject to the 25% tariffs Section 232 tariffs. The Steel and Aluminum Proclamation raised them to 50% effective June 4, 2025. Goods from Canada and Mexico that are subject to Section 232 tariffs on steel and aluminum are not subject to the 25% CA/MX IEEPA Tariffs that apply to non-USMCA qualifying products.

- **"Stacking" for Non-USMCA Goods.** Goods from Canada and Mexico that do NOT qualify for USMCA preferential treatment are generally subject to the 25% CA/MX IEEPA Tariffs (unless subject to Section 232 tariffs, which would then apply instead). *Example:* a Canadian auto part meeting USMCA rules pays 0% on 232 Auto and 0% on the IEEPA border tariff. Non-USMCA steel/aluminum goods from Canada pay 50% under Section 232 and, if containing any non-metal content, *also* pay applicable reciprocal tariffs or E.O. 14257 duties.

U.S.-UK Trade Deal (effective date to be announced):

- The U.S. and UK do not currently have a comprehensive Free Trade Agreement ("FTA") in place that would eliminate most tariffs. However, recent discussions have resulted in some sector-specific arrangements, particularly in the automotive and steel/aluminum sectors.
 - **Automobiles:** a recent arrangement may lower the 25% Section 232 auto tariff to 10% for a quota of 100,000 UK cars exported to the U.S. annually.
 - **Steel and Aluminum:** the Steel and Aluminum Proclamation provided special treatment for the UK under the new U.S.–UK Economic Prosperity Deal: U.K. steel/aluminum imports remain at 25% (not 50%) through July 9, 2025.
- **10% Universal Tariff:** unless specifically exempted by these limited sectoral agreements or existing broader trade rules, most UK exports to the U.S. will likely still face the 10% universal tariff levied against all countries (except Canada, Mexico, Cuba, North Korea, Russia, and Belarus).
- **Stacking:** any applicable tariffs will stack with the 10% universal tariff if not explicitly exempted.

Tariffs on Goods in Transit

- Tariffs generally apply at the *time of entry* into the United States, when goods are presented to U.S. Customs and Border Protection (CBP).
- There is a narrow exception for the reciprocal tariffs on ocean shipments loaded at the port of departure *before* April 5, 2025, and entered (date of entry) between April 5 and before May 27, 2025. This is highly technical and requires careful review of shipping documentation.

Practical Tips:

- Audit product classification and origin. Verify HTSUS classifications as tariff calculations (especially Section 301) depend on the HTSUS number for each product. Ensure origin documentation meets USMCA, EPD (UK) or other rules to claim exemptions where available.
- Regularly refer to official announcements from the USTR and CBP for the most up-to-date information on tariff rates, exclusions, and stacking rules, as the trade landscape remains dynamic.
- Evaluate how the tariffs affect landed costs, pricing strategies, and supply chain resilience. Apply higher scrutiny to any discount offers that obscure the goods' valuation and/or when you suspect that the goods are being undervalued.
- Trade enforcement is at its highest scrutiny, with the Department of Justice ("DOJ") recently adding "trade and customs fraud, including tariff evasion" to its list of ten high impact areas of focus. Review and update internal trade compliance policies to include review of supply chain manufacturing, classification of all components within the supply chain, valuation, and country of origin. Enhanced internal compliance policies may also provide a level of mitigation in enforcement actions.

Because these changes are ongoing, Dentons will continue to monitor these developments and provide additional updates. We provide our clients access to resources in Canada, Mexico, China, and globally to help navigate these rapidly changing trade measures.

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