



Virtual Seminar on "Navigating US Tariffs: Strategic Insights for Indian Exporters & Importers"

Date: Tuesday, September 16, 2025 **Time:** 12:00 p.m. - 1:00 p.m. **Organizer:** Export Promotion Council for EOUS & SEZs (EPCES), MEPZ SEZ **In Association With:** KPMG **Platform:** Zoom Virtual Seminar

Schedule

- **12:00 p.m. - 12:05 p.m.:** Welcome address by Shri. Sivashanmugam Kumaresan. Regional Chairman, EPCES, MEPZ SEZ, Chennai
- **12:05 p.m. - 12:10 p.m.:** Special address by Shri. Sunil Ralan, Vice Chairman, EPCES
- **12:10 p.m. - 12:40 p.m.:** Presentation and discussion on US Tariffs by Shri. Himanshu, a Partner at KPMG India
- **12:40 p.m. - 12:55 p.m.:** Q&A Session and Conclusion.
- **12.55 p.m. – 1.00 p.m.:** Vote of thanks by Shri. Kota Rajasekar, Regional Vice chairman, EPCES, MEPZ SEZ, Chennai.

Key Discussion Points:

- The seminar focused on the impact of U.S. tariffs on Indian exporters and importers.
- **Types of Tariffs:** The discussion included country-specific reciprocal tariffs (currently 15% plus the MFN rate) and product-specific Section 232 tariffs, which apply to goods like steel, aluminium, and potentially pharmaceuticals. A "secondary tariff" concept was also introduced, where tariffs can apply to raw materials within a final product.
- **Mitigation Strategies:** The speaker, Shri. Himanshu, provided strategies to mitigate tariff impacts. These included optimizing the origin of goods, leveraging the "first sale for export" concept, and refining transaction values.
- **First Sale for Export:** This strategy allows for a lower customs duty tax base in the U.S. by using the earlier sale price from the manufacturer (e.g., an SEZ unit) to an intermediary entity, rather than the final sale price to the U.S. importer. This can result in a significant reduction in customs duty costs. Key conditions for this strategy include multiple sales before import into the U.S. and proving an arm's-length price.
- **Transshipment Penalties:** The importance of avoiding transshipment penalties was highlighted, which can result in an additional 40% tariff if the origin of goods is misrepresented. Substantial transformation must occur in the intermediate country to legitimately change a product's origin.

Questions from Participants (via chat):

- **Tariff Applicability:** Questions were asked about whether the tariff is applicable to all HSN codes or if it varies by product, and if it affects units operating under the Domestic Tariff Area (DTA) in addition to SEZ and EOU units.
- **Specific Products:** Participants inquired about the impact of tariffs on the renewable energy sector, including solar modules and wafers, as well as semiconductor-related and medical products.
- **Service Exports:** A question was raised about whether US tariffs directly or indirectly impact pure service exports.
- **Documentation:** Attendees requested a copy of the presentation (PPT), annexure, and links to information on Section 232 tariffs.
- **Contact Information:** Participants were advised to send their queries to rdmepz@epces.in.

Conclusion:

The seminar provided valuable insights and practical guidance for Indian exporters and importers on navigating the complex U.S. tariff landscape. It offered specific strategies like the "first sale for export" to lawfully reduce customs duty costs and emphasized the need for careful planning and adherence to regulations. Participants were encouraged to use the Q&A segment to ask questions and share insights, with questions being addressed during the session and a follow-up via email. The full recording of the seminar has been made available on the EPCES website: www.epces.in