

Can First-Sale Appraisement Save Your Company \$20+ Million?



CLIENT:
Large importer



LIABILITY:
Additional 25% tariff



GDLSK STRATEGY:
First-sale appraisement



SAVINGS:
\$20,000,000+

Since 2018, the United States has imposed and maintained nearly **\$80 billion in new tariffs**. Importers seeking to minimize the impact of elevated tariffs have few tools available to them. However, one such tool is the “first-sale” method of appraisement.

Utilizing the first sale method of appraisement, GDLSK recently helped one client save more than \$20 million. Companies in virtually any industry can take advantage of the first-sale rule and GDLSK can advise whether it can work and how it can work for you.

HERE'S HOW IT HELPED OUR CLIENT.

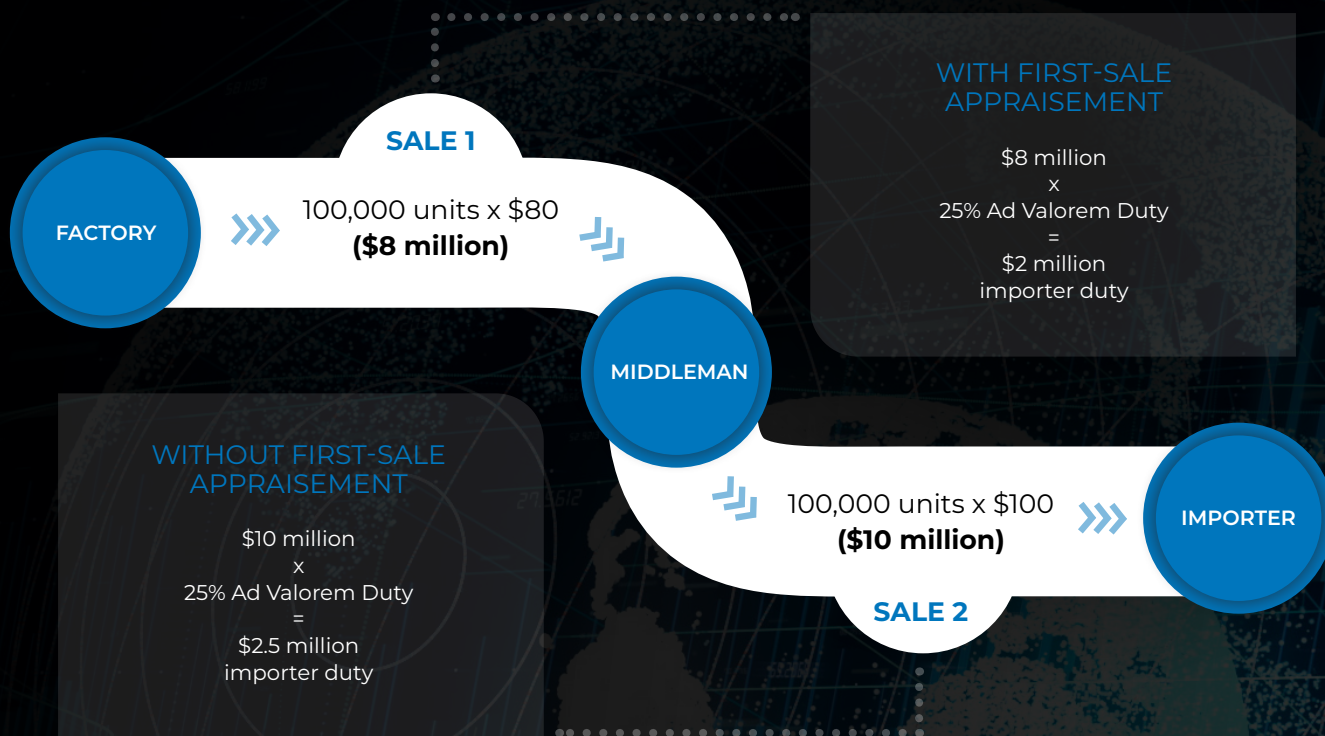
A large importer was experiencing significant additional expenses as the result of additional tariffs assessed on its imports of merchandise from China. GDLSK analyzed the company's sourcing structure and determined that the company could realize significant savings using the first sale method of appraisement.

The client had previously considered first-sale appraisement—and rejected the idea on the advice of a larger law firm, which did not think it met the program criteria. GDLSK disagreed.

We submitted multiple protests to CBP arguing for a first-sale appraisement and requesting a refund of duties based on the lower “first-sale” value. The company has received more than \$20 million in refunds to date, with additional refunds expected. The company will also continue to realize additional savings on future purchases made utilizing the first sale structure put in place by GDLSK.

WHAT IS THE FIRST SALE METHOD OF APPRAISEMENT?

The first-sale method of appraisal allows importers to base their customs duties on the so-called “first sale” in which the factory sells the goods to a trading company or middleman who, in turn, sells the goods to the importer. Whereas the duty would usually be assessed on the sale from the middleman to the importer, the first sale rule allows the importer to pay duty on the lower factory cost.



WHEN IT APPLIES

The Courts and CBP require three factors to be present to support the use of the first-sale method of appraisal:

1. A middleman that acts as a buyer in the first sale and seller in the second sale.
2. A transaction that involves the sale of goods that are clearly bound for export to the U.S.
3. The “first sale” must be an “arm’s length” transaction even if made between related parties.

CAN THIS STRATEGY WORK FOR YOU?

Contact GDLSK to discuss your particular situation and business goals.

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