

Export Seminar 2021

session 3: Regulations and Taxes

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What this series will cover



- Trade data resources
- U.S. Free Trade Agreements
- Regulations and taxes
- eCommerce
- Identifying potential buyers and best practices when entering a new market

Research Center

<https://www.trade.gov/research-center>

Research By Country

<https://www.trade.gov/research-country>

Research By Region

<https://www.trade.gov/research-region>

Research by Industry

<https://www.trade.gov/industries>

Country Commercial Guides (CCGs)

Pick a new market with confidence! CCGs contain market conditions, opportunities, regulations, and business customs for over 125 countries prepared by trade and industry experts at U.S. embassies worldwide.

COUNTRY COMMERCIAL GUIDES

<https://www.trade.gov/ccg-landing-page>

Ex. Country Commercial Guide for Canada



- <https://www.trade.gov/country-commercial-guides/canada-trade-barriers?navcard=4557>
- [Trade Barriers](#)
- [Import Tariffs](#)
- [Import Requirements and Documentation](#)
- [**Labeling/Marking Requirements**](#)
- [U.S. Export Controls](#)
- [Prohibited & Restricted Imports](#)
- [Temporary Entry](#)

Individual Country Information for Garments



- <https://www.trade.gov/data-visualization/foreign-markets>
- For individual countries, this link will give you
 - Trade information (US exports to that country)
 - Duties and taxes when selling garments there
 - Labeling requirements for garments there
 - Rules on selling used clothing there

Labeling Requirements for Garments



- <https://otexa.trade.gov/labeling.pdf>

Country	Language	Fiber Content	Origin	Care	Manufacturer/Importer Info.	Size
Algeria	Arabic	Mandatory	Mandatory	Mandatory	N/A	Optional
Albania	Albanian	N/A	N/A	N/A	Either	Mandatory
Angola	Portuguese	N/A	N/A	N/A	Mandatory	N/A
Argentina	Spanish	Mandatory	Mandatory	Mandatory	Importer	Mandatory
Armenia	Armenian	Optional	Mandatory	Optional	Manufacturer	Optional
Australia	English	Mandatory	Mandatory	Mandatory	N/A	Optional
Austria (EU)	German	Mandatory	Optional	Mandatory	Optional	Optional
Azerbaijan	N/A	N/A	Mandatory	N/A	Mandatory	N/A
Bahamas	English	N/A	N/A	N/A	N/A	N/A
Bahrain	Arabic	Mandatory	Mandatory	Mandatory	N/A	Mandatory
Bangladesh	English or Bangla	Mandatory	Mandatory	N/A	N/A	N/A
Barbados	English	N/A	Mandatory	Mandatory	Manufacturer / Supplier	Mandatory
Belgium (EU)	Dutch, French or German	Mandatory	N/A	Optional	N/A	N/A
Belize	English	N/A	Mandatory	N/A	Manufacturer	N/A
Benin	N/A	N/A	Mandatory	N/A	Manufacturer	
Bermuda	English	Mandatory	N/A	N/A	N/A	N/A
Bosnia & Herzegovina	Bosnian, Croatian, and Serbian	N/A	Mandatory	N/A	Importer	N/A
Brazil	Portuguese	Mandatory	Mandatory	Mandatory	Manufacturer	Mandatory

Duties and Taxes

Chile

- USA originating goods – 0%
- For 'non originating' goods, the Chilean tariff rate is 6% of the c.i.f. (cost, insurance, and freight) value.
- Used textile and apparel products are subject to a surcharge
- Chile levies a value added tax (VAT) of 19%, on practically all goods. The VAT is calculated on the c.i.f. value plus the import duty.
- Luxury taxes add an additional 15% to certain rugs and fine tapestries.
 - In such cases, the VAT is calculated/compounded on the basis of the import duty, plus c.i.f. value, plus surcharge.

Panama

- 0-15%
- Cotton yarn, Cotton, MMF, silk woven fabric and knit fabric = 0%
- In addition to tariffs, all imports into Panama are subject to a 5% transfer (ITBM) tax levied on the c.i.f. value plus import duties and other handling charges.
- Goods that will be re-exported and all products related to transactions occurring in any free zone are exempt from the transfer tax.



Brazil: Duties and Taxes



	HS Chapter/Subheading	Tariff Rate Range (%)
Yarn		
-silk	5003-5006	4 - 18
-wool	5105-5110	10 - 18
-cotton	5204-5207	18
-other vegetable fiber	5306-5308	18
-man-made fiber	5401-5406/5501-5511	2 - 18
Woven Fabric		
-silk	5007	26
-wool	5111-5113	2 - 26
-cotton	5208-5212	26
-other vegetable fiber	5309-5311	26
-man-made fiber	5407-5408/5512-5516	2 - 26
Knit Fabric	60	26
Non Woven Fabric	5603	2 - 26
Industrial Fabric	59	14 - 26
Apparel	61-62	35
Home Furnishings	63	35*
including: bed, bath, kitchen linens, etc.		
Carpet	57	35
Footwear	64	18 - 35
Travel Goods	4202	20 - 35

* HS 6307.90.20 = 2%

Brazil: Duties and Taxes

Additional taxes and surcharges--In addition to tariffs, the following internal taxes are levied on imports: the industrial products tax (IPI - Imposto Sobre Produtos Industrializados); the tax on the circulation of merchandise and on the supply of interstate transportation and communication services (ICMS - Imposto Sobre Circulação de Mercadorias e Serviços de Qualquer Natureza); and contributions to the social integration program (PIS) and to finance social security (COFINS).

The IPI is a federal value added tax levied on most domestic and imported manufactured products. The IPI normally ranges from 0 to 15 percent and is assessed at the point of customs clearance in the case of imports. **The tax rate varies by product and is based on the product's c.i.f. value plus import duty and other fees. Textile and apparel products are exempt from the IPI, with exceptions, such as the following products (HS codes and applicable tax rate).**

--5604.20.10 (with vulcanized rubber)--5%

--5604.90.90 (impregnated or coated with unvulcanized rubber)--5%

--Chapter 57 (floor coverings)--10%

--5805 --5%

--Chapter 59 (except 5903.90.00--Kevlar fabric impregnated with epoxide resins for use in aircraft and 5911.10.00--velvet ribbons, impregnated with rubber, used for covering weaving beams)--5%

--6209.10 (disposable napkins)--15%

--6209.20 (disposable napkins)--15%

--6209.30 (disposable napkins)--15%

--6209.90 (disposable napkins)--15%

--6305.32 (obtained from laminas or similar forms of polyethylene or polypropylene)--5%

--6305.11.10--5%

--6305.11.90--5%

--6306.10--5%

--6306.20--10%

--6306.30--10%

--6306.40--5%

--6306.90--5%

The **ICMS** is a state government value-added tax applicable to both imports and domestic products. The ICMS tax on imports is assessed ad valorem on the c.i.f. value, plus import duty, IPI and other customs fees. The rate varies among states, with the predominant rate currently 18% in Sao Paulo and Rio De Janeiro.

The **PIS and COFINS** follow value-added tax principles. Domestic and imported goods are subject to the same general rates. The PIS (0-2%)/COFINS (0-10.5%) are applied on the c.i.f. plus import duty, IPI and ICMS --zero on key inputs for production of consumer goods

Brazil: Duties and Taxes

- In addition to the above taxes, several other taxes and fees may apply to imports, as listed below. Most taxes are calculated on a cumulative basis.
 - Merchant Marine Tax - 25% of ocean freight charges
 - Warehouse Charge - 0.65% of c.i.f. value (min. \$170 - max. \$235))
 - Terminal Handling Charges - average \$100 per container
 - Customs Broker's Union - 2.2% of c.i.f. (min. \$71 - max. \$160)
 - Customs Brokerage Fee - 0.65% of c.i.f. (min. \$170 - max. \$450)
 - SISCOMEX fee - \$30
 - Cargo Transportation Fee - \$35
 - Bank Costs - 2% of FOB (estimated)

Intellectual Property Protection



- A registered trademark in the United States only protects you in the United States
- You **MUST** register your trademark in **EVERY** country you are doing business in to be sure your trademark is protected
- US has a first use rule for trademarks (meaning whoever uses it first owns it)
- Almost all other countries have a first to file rule (meaning whoever files it locally owns it)



Intellectual Property Protection

Ex. Chile vs. Brazil



Chile

- Trademarks are protected 10 years from the date of entry in the register and are renewable for equal periods at the request of the owner. Ownership of the trademark is not prejudiced by lack of use in cases where the registered party makes use of the mark in other countries, and trademarks may be perpetually registered in periods of ten years at a time.
- Copyrights are protected for the life of the author plus 70 years after death or from the first publication or fixation, depending on the type of work. Textile designs are included under the copyright laws.
- Parallel imports are allowed for all intellectual property rights.

Brazil

- Application for a trademark may be either as a foreign or a Brazilian trademark by a Brazilian or foreign company.
- A registration is valid for 10 years and is renewable for successive ten-year periods. The system for protection of trademarks in Brazil is based on ownership, and all rights stems from the registration of the trademark in Brazil.
- No protection is accorded to an unregistered owner even though it may have been using a trademark for years (trademarks known worldwide may achieve protection).
- A trademark will lapse if it not used for five years from the date of registration, or i its use is interrupted for more than five consecutive years.
- Parallel imports of goods embodying IPR covered by the Industrial Property Law are not allowed

Regulatory environment



- Timing
 - In principle, products have to comply at the time they are "placed on the market" = made available the first time (for example imported and stored in a warehouse ready for sale)

Know the Regulatory environment in your target market, Ex. Europe



- European Union (EU) and national rules
 - EU Directives (to be implemented by EU states)
 - EU Regulations (directly applicable in EU states)
 - National legislation
- Harmonised Standards (EN[...])
 - Technical documents developed by EU standardisation organisations (CENELEC, etc.)
 - In general, there is no legal requirement to apply Harmonised Standards
 - However, application is recommendable as compliance with EU legislation can be demonstrated (presumption of conformity) and conformity assessment procedures are simplified

EX.: Safety related EU Directives



- General Product Safety Directive (GPSD)
- Low Voltage Directive (LVD)
- Electromagnetic Compatibility (EMC) Directive
- Radio Equipment Directive (RED)
- Toy Safety Directive
- Machinery Directive
- etc.

EX. : Ecodesign related EU Directives and Regulations



- Ecodesign Directive and Energy Labelling Directive
- HOE/Standby Regulation
- EPS Regulation
- Computer Regulation
- Other relevant ecodesign/energy consumption regulations for
 - Lighting products
 - Televisions (electronic displays)
 - Domestic dishwasher and washing machines
 - etc.

EX.: Material and recycling related EU Directives and Regulations



- Restriction of Hazardous Substances (RoHS) Directive
- REACH Regulation (for chemicals and metals)
- Battery Directive

EX. European Union CE and other marketing requirements



- As a rule all markings and information must be affixed visibly, legibly and indelibly to the product
- Only in exceptional cases (for example product is too small) it may be placed on the packaging/user instruction
- Dependent on the applicable EU legislation the following markings/information have/has to be placed on the product:
 - CE-marking
 - Notified Body Number
 - WEEE-Symbol (including black bar below)
 - Identification (in order to ensure traceability)
 - Name and address of EU entity
 - Other product information (power rating, battery capacity information, etc.)

Free Trade Agreements



- For qualifying products that are produced in the signatory country, a Free Trade Agreement allows duty free entry into the market
- Does not apply to other taxes such as Value Added Tax.
- Strict compliance with rules of origin.
- You can find summaries for all products here:

<https://ustr.gov/trade-agreements/free-trade-agreements>

U.S. Free Trade Agreements



We have free trade agreements with 20 countries.

USMCA (Mexico/Canada)

Australia

Bahrain

CAFTA-DR (Central American countries and Dominican Republic)

Chile

Colombia

Israel

Jordan

Korea

Morocco

Oman

Panama

Peru

Singapore

•OFFICE OF TEXTILES AND APPAREL

•<https://otexa.trade.gov/msrpoint.htm#exports>



•Trade Agreements

•[Free Trade Agreements](#)

•[FTA Commercial Availability](#)

•[Trade Preference Programs](#)

• [Trade Preference Program Commercial Availability](#)

• [Haiti Earned Import Allowance Program](#)

[QIZs](#)

[The links here provide information on how U.S. free trade agreements affect the textiles and apparel industry specifically.](#)

[For all other industries see](#)

CITES

(Convention on International Trade in Endangered Species of Wild
Fauna and Flora)



- The U.S. Fish and Wildlife Service regulates the trade of wildlife and any products containing wildlife (ex. alligator, snakeskin, feathers, mother of pearl)
- The exporter or importer must be aware of CITES requirements and make sure the product is in compliance.
- <https://www.fws.gov/le/commercial-wildlife-shipment.html>
- <https://www.fws.gov/international/cites/how-cites-works.html>

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thank you!