



**BDO Seidman, LLP**  
Accountants and Consultants

May 2005

## Subject:

### E.U. Customs Duty Refund Opportunity

# International Tax Alert

The Tax Practice at **BDO Seidman, LLP** is among the largest tax advisory practices in the U.S. With more than 30 offices and 250 independent alliance firm locations in the United States, BDO Seidman has the bench strength and coverage to serve you.

As a member firm of **BDO International**, BDO Seidman, LLP serves multi-national clients by leveraging a global network of resources comprised of more than 600 member firm offices in 105 countries. BDO International is a worldwide network of public accounting firms, called BDO Member Firms, serving international clients. Each BDO Member Firm is an independent legal entity in its own country.

#### FOR MORE INFORMATION AND YOUR LOCAL CONTACTS,

Please contact:

**Jack Frame**

330 Madison Ave

New York, NY 10017

Phone: 212-885-8125

Fax: 707-982-0633

Email: [jframe@bdo.com](mailto:jframe@bdo.com)

#### **Date\Timing:**

Effective immediately with respect to E.U. tariffs imposed on U.S. firm exports during January 2005 and, possibly, as far back as November 2004.

#### **Affecting:**

U.S. exporters to E.U. member countries whose products were among the more than 1,500 products on which tariffs were imposed during January 2005, before the additional tariffs were lifted.

#### **Details:**

You will recall that last year, prior to the repeal of EIE, additional import duties were applied by E.U. countries to a wide range of goods from the United States in retaliation against export tax breaks given to U.S. companies, which had allowed their exported products to benefit from an unfair competitive advantage in the European Union (and elsewhere).

The measure imposed an additional 5 percent duty from March 1, 2004, increasing by a further 1 percent increment every month until the additional duty reached 17 percent, i.e. in March 2005. The additional duties were finally suspended on January 1, 2005, after the United States had repealed its offending FSC (Foreign Sales Corporation) legislation. However, notification of the suspension of these additional duties was not made until January 31, so affected clients would have paid additional duties during January at a rate of 15 percent in excess of the normal rate of duty applicable to those goods. This duty can be reclaimed, but will not be automatically repaid by Customs without a formal claim being submitted and Customs have not publicized that reclaims are available.

# Integrity...Trust...Professionalism...Independence...Service

---

## Details...(continued)

Additionally, there may be an argument to recover the additional duties paid in December and November 2004, at 14 percent and 13 percent, respectively, in excess of the normal duty rate. This is because the U.S. bill removing the FSC tax breaks was signed on October 22, 2004, opening the way for an argument that E.U. importers need not have paid additional duties from that point onwards.

## Recommended Action:

Review E.U.-related tariffs paid during the period, November 2004 to January 31, 2005 and file refund claims.

A complete list of more than 1,500 affected tariff codes, with heading descriptions of the products targeted by the retaliatory measure, are available on request and may be found in Annex I to Council Regulation (EEC) No 2658/87 of July 23, 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff.

BDO Seidman's international tax specialists are available to assist you in filing for refunds.

---

FOR MORE INFORMATION  
& YOUR LOCAL CONTACTS,

Please contact:

**Jack Frame**

330 Madison Ave

New York, NY 10017

Phone: 212-885-8125

Fax: 707-982-0633

Email: [jframe@bdo.com](mailto:jframe@bdo.com)

---

---

*Material Discussed in this newsletter is meant to provide general information and should not be acted on without obtaining professional advice tailored to your firm's individual needs.*

*The information in this newsletter is for general guidance only and is not a substitute for professional advice. The BDO Member Firms accept no responsibility for any actions taken or not taken on the basis of the information in this newsletter*