

A photograph of the U.S. Capitol building in Washington, D.C., taken from a low angle. The building is white with a large central dome and is reflected in a pool of water in the foreground. The sky is a clear, bright blue. The text "TAX IMPLICATIONS FOR MANUFACTURERS POST 2018 ELECTION" is overlaid in white, bold, sans-serif font on the left side of the image.

# TAX IMPLICATIONS FOR MANUFACTURERS POST 2018 ELECTION

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## With you today



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# Navigating an Uncertain Environment Post-2018 Midterm Elections



## Post-Election State of Play - House of Representatives

- ▶ Democrats take control of the House of Representatives
- ▶ Rep. Nancy Pelosi (D-CA) seen as likely Speaker of the House
- ▶ Rep. Rich E. Neal (D-MA) to be Ways and Means Chair
- ▶ Composition of the Ways and Means Committee TBD
  - 11 Ways and Means members retired, ran for other office or lost re-election (9 Rs, 2 Ds)



## Post-Election State of Play - Senate

- ▶ Republicans keep control of the Senate
- ▶ Change in R leadership, with Sen. John Thune (R-SD) replacing Sen. John Cornyn (R-TX) as number two in conference
- ▶ Chuck Grassley (R-IA) to become Senate Finance Committee Chair
- ▶ Four Senate Finance members lost re-election or retired (2 Rs, 2 Ds)



# Tax Opportunities in an Uncertain Environment

- ▶ Treasury implementation of the TCJA
- ▶ Telling the story of tax reform



# Trade & Tariffs Developments





# Overview of Key Import / Tariff Developments

- ▶ Executive Action: Section 301 Investigation
- ▶ Additional Duty Imposition on List 1, 2 & 3 HTS Codes





# Strategic Mitigation

- ▶ **Product Exclusion Requests**
  - Format / Required Elements
  - Success Rate
  - Bonded Warehouse During Review
- ▶ **Tariff Classification Reviews**
  - Discovery of Overpayment / Underpayment
  - Prior Disclosure
- ▶ **Alternative Countries of Origin**
  - Supply Chain Costs and Considerations
  - Substantial Transformation



## Strategic Mitigation (con't)

- ▶ Duty Drawback
  - Manufacturing (Direct / Substitution)
  - Unused Merchandize
  - Rejected Merchandize
- ▶ Foreign Trade Zone (FTZ)
  - Privileged Foreign Status
- ▶ Temporary Import Under Bond (TIB)
  - Export or Destroy





## Aftershocks

- ▶ Market Reaction
- ▶ Midterm Elections
- ▶ Bilateral Negotiations



# BDO Resources



## BDO Resources

### ▶ Published insights:

- [BDO Knows Tax Reform](#) content hub
- [Steel & Aluminum Tariffs: Manufacturing's Perspective](#) byline article with *Global Trade Magazine*
- [Private Equity Navigates International Trade Tensions](#) insights piece

### ▶ Coming soon:

- BDO & Pitchbook: Trade Tensions Suppress Manufacturing & Distribution Deal Activity (January 2019)

