



The New Steel and Aluminum Tariffs Explained—What Companies Need to Know

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The latest updates to Section 232 introduce significant compliance challenges for importers of steel and aluminum derivatives but proper measures can also avoid overpaying the tariffs. The requirement to track and document non-U.S. content necessitates enhanced data collection processes, strategic use and modifications to global trade management frameworks, and potential reliance on reconciliation mechanisms to manage reporting requirements.

Background

The new steel and aluminum tariffs are an escalation of the original Section 232 tariffs issued in 2018 under President Trump's first administration. President Trump's "America First" trade policy has significantly reshaped the global trade landscape, particularly in the steel and aluminum sectors.

Under Section 232 of the Trade Expansion Act of 1962, President Trump's Administration imposed tariffs on steel and aluminum imports to protect national security and domestic manufacturing. The new 2025 tariffs generally:

- Increase the tariff rate on affected aluminum products from 10% to 25% (to 200% for aluminum derivative products of Russia)
- Keep the original 25% on steel products
- Affect a wider array of imports of steel and aluminum regardless of their form—whether a raw material or processed derivative product.

Recent updates to Section 232 have introduced further complexities, particularly regarding derivative products. For derivative articles that are not classifiable in Chapters 73 or 76 of the HTSUS, the additional ad valorem tariffs shall apply only to the steel or aluminum content of the derivative article, respectively. Importers must now determine and document the precise composition and origin of materials in their products. Given the global nature of supply chains, this means gathering extensive data from manufacturing systems and third-party suppliers to accurately assess and report the non-U.S. content subject to these duties. Many companies rely on established Free Trade Agreement (FTA) solicitation and qualification processes to track origin and content requirements. With appropriate modification, these processes can be leveraged to gather and validate the necessary data for Section 232 compliance. This may include refining internal systems, enhancing supplier communication, and instituting more rigorous documentation protocols to ensure accurate duty calculations.

How to comply:

The new process for complying with the updated Section 232 tariffs on steel and aluminum imports involves closely managing product origin and content through ensuring accurate classification, documentation and communication.

- + First, companies must accurately classify all imported products under the US Harmonized Tariff Schedule (HTSUS) to determine which items fall under the scope of Section 232 orders. This includes identifying whether the goods are within USHTS Chapters 73, 76 or listed as derivative products outside those chapters. Accurate classifications are critical to ensure products are not mistakenly subjected to the Section 232 tariffs, and/or to avoid potential penalties for failure to properly pay tariffs on subjected products.
- + Next, bills of material should be reviewed to identify and document the non-US steel and aluminum content. This step is crucial for calculating the dutiable value of these goods under the new tariffs. Importers will need to maintain comprehensive records, including supplier invoices and production records.
- + Once the non-US content is determined, businesses are required to communicate this information to customs brokers for proper entry filing. This includes transmitting a database of impacted part numbers and ensuring that the dutiable value is accurately reflected in customs documentation for purposes of assessing Section 232 tariffs.
- + Finally, companies must adapt their internal systems and processes to manage ongoing compliance. This involves leveraging technology to track impacted parts, manage supplier affidavits, and maintain the Section 232 databases. Regular training for suppliers and continuous monitoring of compliance practices are essential to address the new requirements. By incorporating these steps into their trade compliance strategies, businesses can mitigate the risks associated with the updated Section 232 tariffs and ensure smooth import operations.

Section 232 Steel Articles Quick-View Chart

Impacted Country of Origin	Duty Rates	Chapter 99 HTS	Proclamation	Effective Date
All countries	25 Percent Duty	99038187	10896	3/12/2025

Section 232 Derivative Steel Articles Quick-View Chart

Impacted Country of Origin	Duty Rates	Chapter 99 HTS	Proclamation	Effective Date
All Countries	25 Percent Duty	99038189	10896	3/12/2025
	25 Percent Duty	99038190	10896	3/12/2025
	25 Percent Duty on value of steel content	99038191	10896	3/12/2025
All countries where products processed from steel articles melted and poured in USA	Zero Duty	99038192	10896	3/12/2025

Section 232 Foreign Trade Zone Quick-View Chart

Privileged Foreign Status admittance prior to 12:01 a.m. EDT on 3/12/2025	Duty Rates	Chapter 99 HTS	Proclamation	Effective Date
Primary products of steel	25 Percent Duty	99038188	10896	3/12/2025
Derivative products of steel	25 Percent Duty	99038193	10896	3/12/2025

Section 232 Aluminum Articles Quick-View Chart

Impacted Country of Origin	Duty Rates	Chapter 99 HTS	Proclamation	Effective Date
All countries	25 Percent Duty	99038502	10895	3/12/2025

Section 232 Derivative Aluminum Articles Quick-View Chart				
Impacted Country of Origin	Duty Rates	Chapter 99 HTS	Proclamation	Effective Date
All Countries	25 Percent Duty	99038504	10895	3/12/2025
	25 Percent Duty	99038507	10895	3/12/2025
	25 Percent Duty on value of aluminum content	99038508	10895	3/12/2025
All countries where products processed from aluminum articles smelted and cast in USA	Zero Duty	99038509	10895	3/12/2025

Russia Aluminum/Aluminum Derivative Articles Quick-View Chart				
Impacted Country of Origin	Duty Rates	Chapter 99 HTS	Proclamation	Effective Date
Russia	200 Percent Duty	Aluminum: 9903.85.67 Derivative: 9903.85.68	10522 10895	4/10/2024
All other countries: smelt or cast in Russia – all origin countries	25 Percent Duty	Aluminum: 9903.85.67 Derivative: 9903.85.68	10522 10895	4/10/2024

In conclusion:

Given the complexity of these new requirements, businesses must prepare for extended implementation timelines. Gathering precise origin data for steel and aluminum components across supply chains is not a simple task. However, the U.S. Customs and Border Protection (CBP) Reconciliation Program offers a practical solution. This program allows importers to estimate duties at the time of entry and later submit corrected or finalized data. By utilizing this program, businesses can mitigate risks associated with miscalculations while ensuring compliance with the evolving regulatory landscape.

In summary, the latest updates to Section 232 introduce significant compliance challenges for importers of steel and aluminum derivatives but proper measures can also avoid overpaying the tariffs. The requirement to track and document non-U.S. content necessitates enhanced data collection processes, strategic use and modifications to global trade management frameworks, and potential reliance on reconciliation mechanisms to manage reporting requirements. As these changes take effect, businesses must act proactively to align their trade compliance strategies with the new regulations to avoid penalties and ensure smooth import operations.

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