# Thriving amid tariff uncertainty

**How technology, media, and telecommunications companies can mitigate immediate and long-term risks**

**As technology, media, and telecommunications (TMT) companies navigate the uncertain tariff landscape, addressing tariffs on US imports and exports requires a thorough strategy that goes beyond assessing immediate exposure. To safeguard financial performance, it is essential to adopt a strategic, cross-functional approach that involves key departments such as tax, trade, supply chain, and sourcing, enabling companies to manage near-term impacts and broader strategic challenges.**

## Near term – Determine impact and approach

Companies need to assess immediate and future exposure to unilateral and retaliatory tariffs:

- **Assess tariff impact and scenarios:** Analyze trade data to evaluate current and potential tariff impacts. Conduct scenario planning to develop contingency plans.
- **Regulatory monitoring:** Track trade policy changes and engage with trade associations and advisers.
- **Evaluate country of origin and harmonized tariff classifications:** Accurate assessment of duties requires correct classification and origin determination. Analyze tariff impact at the SKU level and classify/reclassify accordingly.
- **Duty mitigation:** Explore strategies such as First Sale for Export, valuation, foreign trade zones (FTZ), and other duty recovery programs to identify potential savings.
- **Reconciliation:** Use the US Customs and Border Protection (CBP) customs reconciliation program to adjust customs values post-entry, allowing time for due diligence to uncover savings.
- **Stakeholder communication:** Keep stakeholders informed and aligned on tariff impact and strategic planning.

## Medium term – Mitigate costs

Companies can mitigate tariff costs from manufacturing and sourcing abroad:

- **Duty mitigation strategies:** Implement savings solutions that generate a high return on investment.
- **Cost mitigation:** Identify savings in supply and procurement operations. For example, *force majeure* clauses may stipulate tariff changes as grounds for contract renegotiation. Cost mitigation may also be found indirectly in other parts of the business, such as reducing energy, logistics, and labor costs to offset margin pressure. Assess end-to-end costs, including freight, tariffs, and other factors. Consider using both primary and secondary sourcing options to manage tariff risks.
- **Commercial strategy and product design:** Analyze current pricing to determine if higher costs can be passed on to customers. Evaluate product mix to increase margins and volume. Find alternative materials or components that are subject to lower or no tariffs.
- **Tax strategies:** Mitigate tax-related costs with transfer pricing and value chain management planning.
- **Re-evaluate product designs:** Find alternative materials or components that are tariff-free or subject to lower tariffs.

## Long term – Diversify supply chains

The tariff landscape may require diversifying where companies manufacture and source materials:

- **Current-state assessment and future-state modeling:** Evaluate the current country of origin mix and cost profiles based on emerging regulatory and geopolitical risks. Develop a future country of origin framework that balances cost, risk, and capacity. Create simulation models to determine the optimal mix for each product category.
- **Tax planning:** Explore tax structures that enable tariff and federal income tax savings.
- **Implementation roadmap:** Create a clear action plan to move toward optimal country of origin strategy.
- **Ongoing duty optimization and compliance:** Align duty savings programs with origin strategies. Implement trade data monitoring and regular compliance reviews for continuous optimization.

# How KPMG LLP (KPMG) can help

With over 900 trade and customs professionals in 60 countries, KPMG brings extensive knowledge of the global trade landscape and can provide wide-ranging support to help adapt to tariffs:

- **Interdisciplinary team:** Trade, tax, strategy, procurement, and pricing specialists help companies determine current/future exposure and model and implement mitigation actions
- **Data and analytics:** Trade data and technology to provide better visibility into tariff impacts and mitigation scenarios
- **Industry experience:** Deep experience within the TMT sector to help address the unique challenges of tariffs.

**Learn more:** Stay up-to-date on tariff changes and how to adapt with insights from KPMG.

>> Trade and tariff insights

# Making the difference with clients

KPMG has assisted many TMT companies with their trade and customs needs. Recent examples include the following:

- **Technology company:** Global trade technology implementation
- **Semiconductor company**: Duty drawback program
- **Electronics manufacturer:** Global trade consulting services

**Case study:** Customs duty and tariff recovery services – Global supplier of networking equipment and solutions

### Client challenge

- The client faced increasing costs on components imported from China due to tariffs.
- As the components were not subject to previous tariffs, the client was unfamiliar with opportunities to avoid or recover such tariffs.

### KPMG actions

- Deployed proprietary data analytics tools to assist the company with identifying available recovery opportunities.
- Implemented recovery programs that included securing approval from CBP through tracking received refund claims.

### Outcomes

- Multimillion-dollar recovery of previously paid tariffs
- Profitability and cash flow enhancements
- Establishment of a program that will allow for future refunds

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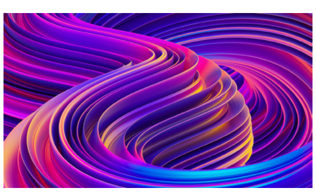
# Explore more insights



Integrating Tariff Modeling with Economic Indicators for Enhanced Tariff Reduction

KPMG Tariff Modeler

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