Americans for a Modern Economy

The Basics of Tariffs: **Costs, Collection and Consequences**

What is a Tariff?

Tariffs are taxes imposed by the U.S. government on imported goods and products. They are designed to regulate trade, protect domestic industries and generate revenue.

Who Collects the Tariff?

- **U.S. Customs and Border Protection (CBP):** The CBP, an agency within the Department of Homeland Security, is responsible for collecting tariffs at ports of entry.

Who Pays the Tariff—and When?

- **Importer Pays the Tariff:** Tariffs are paid by the U.S. importer—the retailer or group bringing goods into the U.S.—not by the foreign exporter or government.
- **Point of Payment:** The tariff is paid by the importer at the time the goods enter U.S. customs, before entering the domestic market.

What is the Economic Impact?

- **Cost to Consumers:** Tariffs increase the cost of imported goods, and these costs are passed on to customers through higher prices.
- **Impact on Businesses:** Retailers, manufacturers and distributors relying on imported materials or products face higher costs, affecting pricing, profitability and employment.
- **Supply Chain Disruptions:** Tariffs can alter global supply chains, sometimes causing delays, increased logistics costs or the need to find new suppliers.

Who is Impacted?

- **Industries Most Impacted:**
  - Retail (apparel, electronics, home goods, groceries)
  - Manufacturing and Construction (machinery, automotive, building and manufacturing supplies)
  - Agriculture (when retaliatory tariffs are applied to U.S. exports)
- **Industries Not Impacted:**
  - Service industries (healthcare, education, tourism, technology)
  - Finance and banking industries (provide minimal jobs/services)

Aspect	Key Details
Who Pays?	U.S. Importer of Record
When Paid?	At U.S. Port of Entry (Customs)
Who Collects?	U.S. Customs and Border Protection (CBP)
Main Impacts	Higher costs for businesses/consumers, supply chain changes
Most Affected	Retail, manufacturing, agriculture (exports)
Least Affected	Service, banking and finance industries

Example of a Tariff

An example of a tariff would be a tax on a good imported from another country. For example, a 10% tariff on bananas would be a 10% tax added to the cost of banana paid by any one who imports bananas from a foreign country. This increases the cost of importing a banana, resulting in an increase in the price of banana being sold to customers in the U.S. to cover the increased costs of importing.