

## **Clarification on Tariff Value Assessment on Products Subject to Section 232 Tariffs**

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We've received questions about applicability on Section 232 tariffs on imported steel/aluminum and their derivatives, particularly regarding whether the tariff should apply only to the "steel content" of a finished good or to the total invoice value.

All Section 232 tariffs are imposed at set percent ad valorem on value of imported goods. Per U.S. Customs and Border Protection (CBP) "The value of the steel/aluminum content should be determined in accordance with the principles of the Customs Valuation Agreement, as implemented in 19 U.S.C. 1401a. Thus, the value of the steel/aluminum content is the total price paid or payable for that content, which is the total payment (direct or indirect, and exclusive of any costs, charges, or expenses incurred for transportation, insurance, and related services incident to the international shipment of the merchandise from the country of exportation to the country of importation) made/to be made for the steel/aluminum content by the buyer to, or for the benefit of, the seller of the steel/aluminum content. Normally, this would be based on the invoice paid by the buyer of the steel/aluminum content to, or for the benefit of the seller of the steel/aluminum content."

### **What CBP Guidance and Rulings Say**

CBP has issued multiple forms of guidance—including formal rulings, field instructions, and published FAQs—that consistently confirm the same principle: the Section 232 tariff applies to the transaction value of the imported article, not to an estimated steel or aluminum portion, unless that material value is separately priced and verifiable.

- 19 U.S.C. § 1401a establishes that the dutiable value of imported merchandise is its full transaction value unless a distinct component value can be documented.
- CBP's published Section 232 FAQs state that if the value of the steel or aluminum content cannot be determined in accordance with § 1401a, the tariff must be applied to the *full transaction value* of the article.
- CBP field guidance and CSMS #65441222 (March 2025) clarify that "determinable" means *verifiable through supplier invoices or bills of material* and that undocumented estimates are not acceptable.
- CBP's Additional Guidance on Steel and Aluminum Reporting (March 2025) reiterates that for derivative or composite goods, duties are based on the full entered value unless the metal content value is separately documented.

Collectively, these authorities establish the standard rule: unless the steel or aluminum input is separately identified and documented, the Section 232 tariff applies to the entire transaction value of the imported good.

### **Why Separate Steel/Aluminum Pricing Is Rare**

In practice, most manufacturers do not provide separate documentation or pricing for the steel or

aluminum content within a finished product. Their invoices reflect the price of the complete article (e.g., fastener, fitting, or assembly), not its raw material composition.

Endries has proactively requested separate pricing or documentation of steel/aluminum content from several manufacturers. However, in nearly all cases, suppliers have either declined to provide this information—often citing proprietary cost structures—or failed to respond. In some cases, suppliers simply do not maintain internal cost breakdowns at the level of detail CBP would require.

There are several structural reasons for this:

- Material prices fluctuate and are blended into total production costs, making it difficult to isolate the steel value at the time of shipment.
- Many producers regard material cost structures as confidential and non-disclosable.
- Globally, customs authorities assess duties on the *value of the finished good*, not on its inputs, so suppliers have little operational incentive to produce itemized cost breakdowns.

Because manufacturers are not separately documenting these values—and CBP requires a verifiable, documentary basis to isolate the steel/aluminum content—importers have no compliant alternative other than applying the tariff to the total invoice value.

#### Endries' Approach

Based on consultation with US customs, legal compliance teams Endries applies Section 232 tariffs to the total invoice value of imported products (less freight and insurance),

This approach:

- Aligns with CBP's FAQs, field guidance, and formal rulings;
- Reflects standard, compliant industry practice;
- Minimizes risk of post-entry adjustments or audit findings; and
- Ensures consistency and transparency across all customer transactions.

While some distributors may estimate or prorate the steel content value, CBP has not endorsed that method, and importers using it assume audit and penalty risk unless supported by verifiable supplier documentation or a CBP ruling.

\* The above value assessment also applies to the newly introduced copper and derivatives

#### Our Commitment

Endries continually monitors CBP and U.S. Department of Commerce updates regarding Section 232 implementation. If new formal guidance or rulings permit an alternative calculation method, we will promptly review and adjust our approach. Until such guidance is issued, this methodology remains the most accurate, compliant, and audit-defensible standard available.

**If you have questions or would like to discuss a specific case, please contact your Endries Representative or email [sales@endries.com](mailto:sales@endries.com) .**