

AviTaxes & Accounting Solutions
Bilingual Tax, Bookkeeping & Business Guidance



Financial & Tax Guide for Import/Export Businesses

What Changed in 2025–2026, and What It Means for Your Taxes

Import/export has gone through the biggest trade policy shift in decades over the past year. This guide covers the tax and accounting side of that shift — how it affects your books, your costs, and your filings. It does not cover customs classification, tariff codes, or customs entry filing — that work requires a licensed customs broker, and we'll flag exactly where that line is.

Figures in this guide (rates, fees, thresholds) are current as of September 2026. These change — verify current figures before acting on a specific number.

1. The De Minimis Exemption Is Gone — Every Import Now Has a Cost

Until 2025, shipments valued under \$800 could enter the U.S. duty-free with minimal paperwork — the “de minimis” exemption. Many small importers built their pricing and sourcing around staying under that line. That's no longer possible.

- The exemption ended for China/Hong Kong on May 2, 2025, and for every other country on August 29, 2025 — it is now gone globally, with no value threshold
- Every shipment, regardless of value, now requires a formal customs entry and duty payment
- A legal challenge to this change was rejected by the Court of International Trade in August 2026 — the suspension remains in effect, and broader legislation may make it permanent

What This Means for Your Books

If your pricing or sourcing strategy assumed duty-free shipments under \$800, that assumption no longer holds. Landed cost — the true cost of a product once duties are included — needs to be recalculated and rebuilt into your pricing and COGS tracking now, not estimated after the fact.

2. How Tariffs & Duties Belong in Your Books

Duties and tariffs are a real cost of inventory, not a separate expense line — getting this right affects your actual margin numbers.

- Duties paid on imported inventory are generally capitalized into the cost of that inventory (added to COGS), not expensed immediately — this directly affects your gross margin calculation
- Keep duty costs broken out by SKU or product line where possible — blended averages can hide which products are actually still profitable after the new costs
- Budget for volatility: tariff rates on many countries have changed multiple times in the past year — build a buffer into pricing rather than assuming current rates are permanent

Where the Line Is

Determining the correct tariff classification (HTS code) and duty rate for a specific product is customs brokerage work, not tax/accounting work — we can help you understand how a cost flows through your books once it's calculated, but a licensed customs broker should determine the classification and rate itself.

3. Foreign Vendor Payments & 1099 Reporting

Paying foreign suppliers has specific reporting rules that differ from paying domestic ones.

- Payments to foreign vendors for goods are generally not 1099-reportable — 1099 rules target U.S. persons and certain services, not foreign merchandise purchases
- If you pay a foreign contractor for services (not goods), collect Form W-8BEN (individuals) or W-8BEN-E (entities) to document their foreign status — this is your documentation that backup withholding doesn't apply
- Without a valid W-8, you may be required to withhold 30% on certain U.S.-source payments to foreign persons — get the form before the first payment, not after

4. Foreign Bank Accounts — FBAR Filing

If your business (or you personally) has signature authority over foreign financial accounts, a separate filing requirement applies — easy to overlook since it's filed with FinCEN, not the IRS.

- FinCEN Form 114 (FBAR) is required if the aggregate value of all foreign accounts exceeds \$10,000 at any point during the year — this threshold has not changed in years and is not inflation-adjusted
- This applies even if no single account exceeds \$10,000 — it's the combined total across all foreign accounts that matters
- Penalties for non-willful failure to file can run into thousands of dollars per violation — this is a real filing to track, not an afterthought

5. Entity Structure & Sales Tax Nexus

Most of what applies to any small business applies here too — see our Business Structure guide for the full breakdown of LLC vs. S-Corp considerations.

- Selling into multiple states can trigger economic sales tax nexus — most states set this at \$100,000 in sales or 200 transactions annually, though thresholds vary by state
- Nexus rules apply based on where your customers are, not just where your business is located — a business that only imports (doesn't sell domestically across state lines) may not need to worry about this, but one that distributes nationally should check each state where it has real sales volume

Ready for Guidance Built Around Your Business?

AviTaxes & Accounting Solutions offers bilingual (English/Spanish) tax and accounting guidance for import/export businesses — the bookkeeping, entity, and filing side of trade. For tariff classification and customs entry filing, we can help you find a licensed customs broker to work alongside.

Book a Consultation

Visit www.avitaxes.com/contact or email avitaxes@gmail.com to talk through your business's specific situation.