9.2.25

WSJ Print Edition

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A Guide to Shopping Online After De Minimis Rule Ends

Expect to see tariffs added on all e-commerce packages to the U. S.—and your options shrink

BY ESTHER FUNG

Online shopping for nearly a decade has been so seamless that few consumers gave a second thought to where the products were made, or where they were shipped from. That now matters. A lot.

Because of a tariff rule change enacted Friday, the cost of ordering packages from abroad will jump. A host of merchants are halting U.S. sales. And many postal services across Europe and Asia have stopped shipping e-commerce packages to the U.S. altogether.

Parcel carriers such as FedEx and United Parcel Service are bracing for the added workload of collecting newly imposed duties, and potential confusion among consumers who are slapped with unexpected bills.

"We are doing our best to keep customers updated," said Haley Massicotte, owner of Oak & Willow, a Canadian company that sells household cleaning products. "But I have a feeling what people are going to do is place an order with us, pay tariffs on it and get frustrated with us."

Tariffs will now be applied to all e-commerce packages entering the U.S. Here is what to know:

What happened on Friday?

The U.S. is ending the de minimis rule, which since 2016 has allowed packages worth $800 or less to enter the U.S. tariff-free. The dollar amount of the tariff will now depend on the country of origin, the type and value of the product and whether the package is sent through a post office or a commercial parcel carrier such as FedEx.

In some cases, the tariffs on an item could cost more than the item itself, especially if the product contains steel, aluminum or copper components. The U.S. in May ended the de minimis provision for goods from China. Last week's change affects goods from the rest of the world.

What kinds of purchases?

Anything you order from overseas. The tariffs apply to brands such as the French apparel maker Sézane and the Italian sneaker brand Diadora, which send packages directly to American shoppers. The same goes if you order specialty items from abroad such as fishing rods, fountain pens, anime figurines or dance shoes. Expect to see prices go up—or your options shrink.

Even American brands could be affected.

Many direct-to-consumer companies ship products from the country where they are manufactured— for example, China or Vietnam. Tapestry, which owns the Coach and Kate Spade brands, has used the de minimis exemption to ship online orders to U.S. customers from warehouses in Mexico. Now it is moving inventory to the U.S.

Who pays the new tariffs?

It depends, so it is important to read the fine print. Look for details on the seller's website on whether the price includes tariffs. If you can't find an answer, contact the seller and ask.

If a seller ships an item using a commercial carrier such as FedEx, UPS or DHL, the seller fills out an international shipping label and indicates who will be responsible for paying the duties. They could select themselves, or they could select the recipient—that is, you.

Will I pay upon arrival?

You might. If the seller has indicated on the shipping label that the recipient is responsible for duties, a parcel carrier such as FedEx or UPS might contact you before delivery to pay the tariff online or by phone. If you weren't expecting a tariff bill, you have the option to refuse the package.

It is also possible that a parcel carrier might not contact you about a tariff bill until after a package is delivered. In that case, if you have a dispute about who should pay the duties, you will have to take it up with the seller.

Will my package be delayed?

It might be. Many sellers said they are still evaluating their shipping options and the process for paying tariffs.

Can friends or family help?

Under U.S. rules, a friend or family member can still send a gift valued at $100 or less duty-free. Your sister should check with her local post office to see if it will accept a care package or not.

Will it help U.S. businesses?

It could. "While I understand the concern about potential price increases for consumers, I believe the long-term effect could be a stronger domestic manufacturing --base," said Bryan Croft, chief executive of HC Brands, a Floridabased maker of nametags and rubber stamps.

He expects an uptick in demand.

My favorite brand has stopped selling to U.S. customers. Will I ever be able to buy it again?

Dustin Fontaine, founder of the German watch brand Sternglas, posted a message on his company's website recently telling customers that he would have to pause sales to the U.S. He usually ships around 30 watches a day to U.S. customers.

"We are doing everything we can behind the scenes, but I need to be honest with you—there's a real chance this is goodbye, at least for a while," he wrote.

One option for businesses like his is to hire a logistics company to ship inventory to the U.S. in bulk, store it in a U.S. warehouse and fulfill online orders domestically. Fontaine is looking to establish a U.S. corporation and hopes to make a comeback in October, just in time for the holiday shopping season.

