U.S. ends $800 de minimis exemption, imposing duties on all low-value imports, effective August 29

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By Jeff Berman
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Effective today, August 29, the de minimis exemption, which allows shipments under $800 sent to the United States to not be subject to tariffs, officially will be removed. That was the edict delivered in a White House executive order in late July.

As previously reported by *LM*, the White House said that this action, which initially focused on U.S.-bound shipments originating from China and Hong Kong, is being taken to closed what it called a catastrophic loophole used to evade tariffs and funnel deadly synthetic opioids and other unsafe or below-market products that harm American workers and businesses into the U.S.

And it added that effective August 29, “imported goods sent through means other than the international postal network that are valued at or under $800 and that would otherwise qualify for the de minimis exemption will be subject to all applicable duties."

What's more, it explained that between 2015-2024, the volume of de minimis shipments into the U.S. rose from 134 million shipments to more than 1.36 billion shipments, with U.S. Customs and Border Protection processing more than 4 million de minimis shipments into the U.S. on a daily basis. And it added that volume from de minimis shipments that are also from countries that historically have not abused the de minimis exemption has seen significant increases, at 309 million in fiscal year 2025, through June 30, whereas they came in at 115 million in fiscal year 2024—which the White House said resulted in significant lost revenue for the U.S.

This executive order followed a May 2 action by the White House in which it suspended the de minimis treatment for low-value packages from China and Hong Kong that it said represent most de minimis shipments entering the U.S., which was expected—and subsequently has—had a major impact on online retailers like Shein and Temu, which rely on sending goods directly to U.S. shoppers without paying tariffs.

In an April 8 executive order, the White House stated that the initially-announced tariff of 30% of an item's value or $25 per item, whichever is more, would be increased to 90% and $75 or more, effective on or after 12:01 A.M. ET on May 2. And it added that fee per postal item containing goods will be increased from an initially-announced $50 to $150, effective, was set to take effect on or after 12:01 A.M. ET on June 1.

Under the Biden administration, the White House in 2024 said it was taking steps towards changing the rules around imports claiming the $800 de minimis exemption.

Noting that the majority of shipments claiming the import exemption originate from several China-founded e-commerce platforms (like Shein and Temu, among others) the White House proposed changes in which the de minimis exemption might not be allowed for products to which Section 201, 301, and 232 duties might otherwise apply.

What's more, in the weeks leading up to the removal of the de minimis exemption, various reports indicated that more than 25 countries have suspended outbound postal services to the U.S., due to uncertainties regarding the removal of the de minimis exemption. A *China Daily* report pointed to confusion and insufficient clarity about implementing the new rules.

In its executive order, the White House stated that with the de minimis exemption no longer applying as of 12:01 AM ET on August 29, commercial low-value shipments, regardless of origin, value, or entry method, will be subject to applicable duties and required to go through formal customs entry.

For non-postal shipments moving through an integrator like UPS, FedEx, or DHL, they now will go through Customs via the Automated Commercial Environment (ACE) and also may require entry filings and bonds. And for shipments moving through international postal services, a duty will be placed on packages based on the tariff rate of the shipment's country of origin, with a flat fee of $80, $160, or $200 per package contingent on the country's IEEPA tariff rate.

In an interview, John Haber, Chief Strategy Officer at Transportation Insight, noted that a key driver for the removal of the de minimis exemption was that the White House likely felt as if people were circumventing the effect of it and pushing through low-cost and cheap labor goods into the U.S., essentially flooding the market.

“This should not be too surprising, as it has been sort of telegraphed that this was going to happen,” Haber told *LM*, adding that when the executive order was issued, it was somewhat surprising to see that the removal of the exemption was going to apply to all nations shipping into the U.S.

Craig Reed, SVP of Global Trade at Toronto-based Avalara, said that the decision by the White to eliminate the longstanding $800 de minimis exemption marks a transformative shift in U.S. trade policy, ending the expedited, duty-free entry of low-value goods that has been in place since March 2016—adding that with its removal, micro-importers are now subject to formal custom processes, meaning e-commerce platforms and small importers will now need to apply the proper rate of duty for goods shipped to the U.S., regardless of value.

“For businesses, the implications are substantial: tariff impacts, additional handling fees, and more complex customs entry protocols that negatively affect operational agility,” said Reed. “Consumers can expect to see as a result elevated costs and extended delivery timelines for goods purchased from e-commerce merchants. This shift will ripple through supply chains, and the competitive landscape may tilt toward sellers who can absorb or effectively communicate these new burdens. To navigate this new landscape and stay competitive, agility and automation will be crucial. Because these businesses are now responsible for assigning the correct HTS (tariff) code to their products and ensuring compliance with entry requirements, it can be challenging to keep up with the different rules and processes that vary by product, country, and other factors.”

From an air cargo perspective, data from aviation specialist investment bankers Cassel Salpeter observed that air cargo volume between China and the U.S. have fallen 60% since reciprocal tariffs went into effect—which it said has forced a reshaping of global trade routes. It also noted that tariffs are impacting e-commerce bookings, as evidenced by a roughly 50% decline in May.

“The elimination of the $800 de minimis exception for imported goods, combined with increased tariffs, is expected to send air cargo volumes plummeting for low-value e-commerce shipments: a major component of China-U.S. airfreight traffic,” the firm said. “With de minimis exemptions unlikely to return, Chinese e-commerce leaders like Alibaba, Shein, and Temu now send products into the U.S. via bulk sea freight shipments to U.S.-based warehouses and distribution centers, abandoning their use of individual air shipments for direct-to-consumer fulfilment that previously drove cargo aviation growth. There is new reallocation of aircraft from the China-U.S. market to European and other regional routes as cargo airlines reconsider fleet deployment strategies and network planning in response to tariff-induced trade flow changes.”