



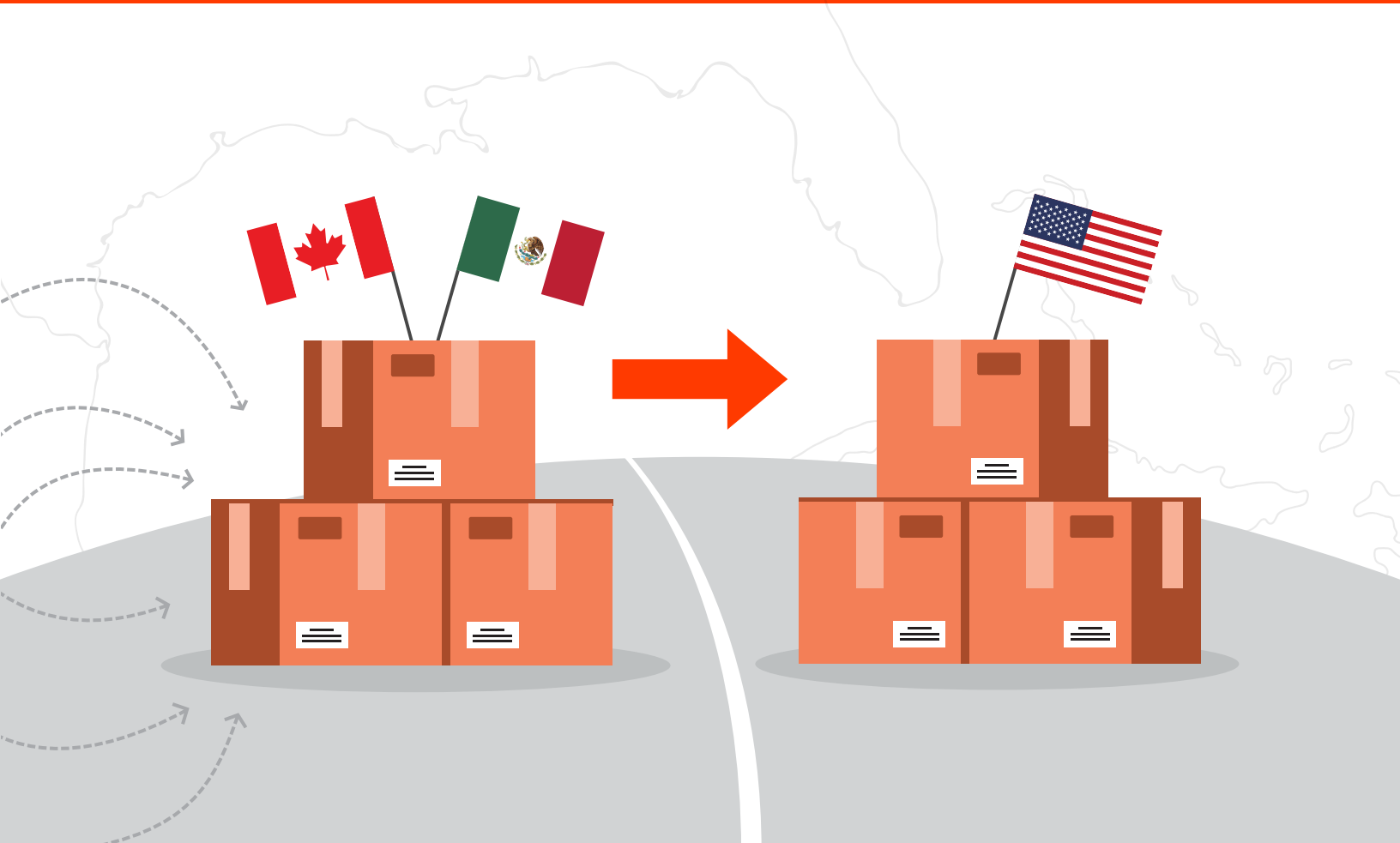
PFS

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GXO

Unlocking Global Growth with Section 321

De Minimis Strategies for Growing Your
eCommerce Business Across Borders



Are duties and tariffs limiting your growth strategy in the U.S.?

Whether you are seeking to enter the market for the first time, want to grow your existing presence in the region, or are launching a new business, customs fees can create roadblocks that significantly hinder your potential.

Retailers and brands are not the only ones taking a financial hit when it comes to imports. Processing duties and tariffs comes at a cost to the U.S. government as well, often at a higher rate than the actual value of the collected duty.

The solution? The mutually beneficial Section 321 de minimis.

Section 321 offers a path to duty-free fulfillment to the U.S. market that affords brands significant savings while also reducing unnecessary overhead for the U.S. government. Section 321 is your path to quick, low admin cross-border delivery to your customers without all of the costs related to customs clearance, duty payment and tax collection. This is your guide to understanding and navigating the de minimis threshold.

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Mutually beneficial savings

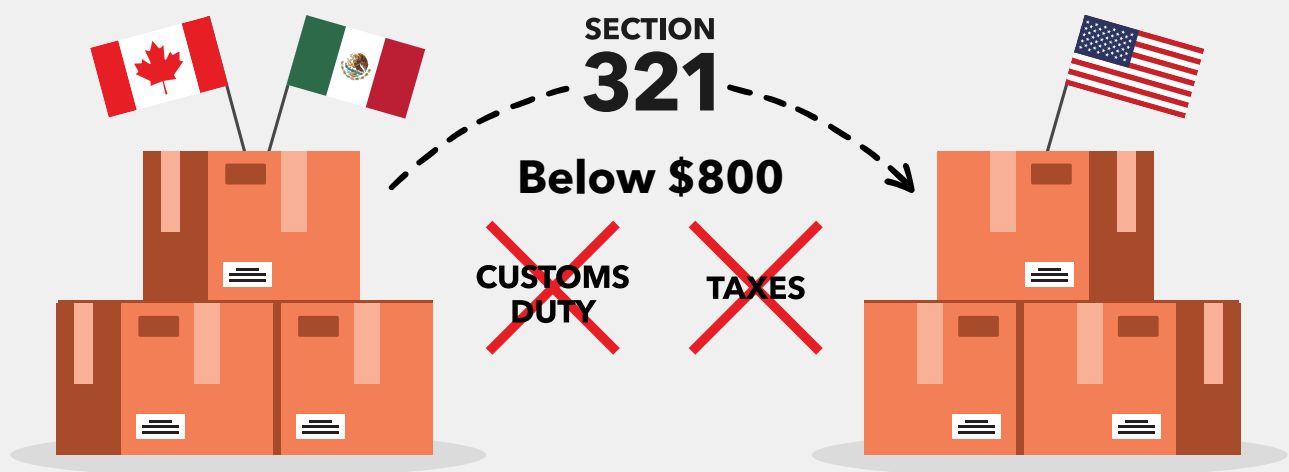


De minimis benefits for eCommerce retailers

To understand the potential value of Section 321 for your brand, it's necessary to understand de minimis exemptions and their application on a global scale.

De minimis thresholds are a customs efficiency designed to maximize revenues and minimize expenses relating to customs processing. In other words, de minimis exemptions are a cost savings tool applied by governments across the globe to ensure customs efficiency and sufficient ROI. Specifically with Section 321, qualifying imports that are below the \$800 threshold are exempt from duties and taxes when exported into the U.S. by way of Canada or Mexico.

Despite different requirements and a range of thresholds depending on the country or region, most de minimis clauses are especially beneficial to eCommerce retailers and brands selling direct-to-consumer (DTC). This is particularly true with Section 321 which has a higher threshold. With individual consumer purchases, the total value of a shipment is typically much lower than that of larger business-to-business orders, which means brands have real savings potential in avoiding costs associated with traditional customs processing.



Avoid duties and tariffs - legally!

The Section 321 threshold allows businesses a faster, lower-cost way of importing goods into the U.S. duty-free while remaining in compliance with U.S. Customs and Border Protection regulations.

Thanks to fewer documentation requirements, customs processing is not only cheaper, but also faster. The high threshold, reduced costs and faster processing make this an ideal solution for eCommerce retailers, enabling more cost-effective fulfillment that also supports consumer demand for speed.

Section 321 Snapshot



Supporting speed and cost savings, Section 321 applies to all methods of transportation, including expedited air and cost-effective ground shipments.



Is Section 321 fulfillment right for you?

The high threshold means that most DTC shipments qualify for the de minimis exemption. However, some retailers will stand to benefit more than others.

- Are you seeking to expand your business in the U.S.?
- Do most of your goods come from manufacturers and suppliers outside the U.S.?
- Are tariff changes and increases impacting your bottom line and YoY growth?
- Is your average order value (AOV) typically less than \$800 USD?



If you answered **YES to the above, Section 321 could offer your business significant savings.**

Does your merchandise qualify for Section 321?

To start, let's cover off the products that DO NOT QUALIFY:

- ✗ Goods subject to antidumping and countervailing duties
- ✗ Goods subject to quota (e.g., agricultural goods such as dairy products, sugar, meats, and other foods)
- ✗ Goods subject to taxes collected by other agencies on imported goods (e.g., Alcoholic beverages, cigars, cigarettes and other tobacco products)

Minus these exceptions, most goods that are within the de minimis threshold qualify for Section 321.

Some retail verticals stand to benefit more than others due to a range of factors - HTS codes with high duties, product size, country of origin, etc. When applied correctly, the savings gained from import duty exemption can make up for the cost of fulfillment.

Optimal verticals for Section 321:

- Apparel
- Sportswear
- Footwear
- Electronics
- Home Goods



The most critical component to a brand's success with Section 321 fulfillment is sourcing an experienced 3PL with an established presence in Canada or Mexico and a proven ability to effectively manage your operation.



This is what PFS offers. We ensure proper management of your inventory and customs processing while fulfilling orders to your U.S.-based customers in a manner that delivers on your promises and adds value to your brand. What's more, leveraging our existing distribution center in Toronto means you reap the benefits without having to commit to major infrastructure investments up front.

Case Study

Lifestyle apparel brand

For a rapidly growing lifestyle apparel brand, PFS supports DTC and B2B fulfillment from our Toronto DC. The brand benefits from significant savings thanks to Section 321 fulfillment, including duty drawback and/or deferrals under the USMCA that more than offset supply chain costs, including fulfillment.

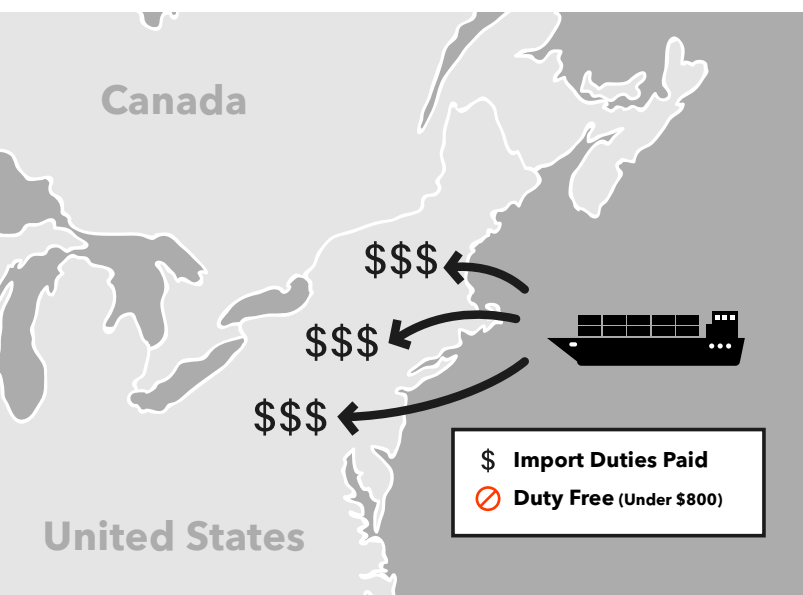
Section 321 with PFS

PFS offers Section 321 fulfillment from our Toronto DC. Utilizing efficient, system-driven fulfillment processes, we deliver on consumer expectations and inspire loyalty.

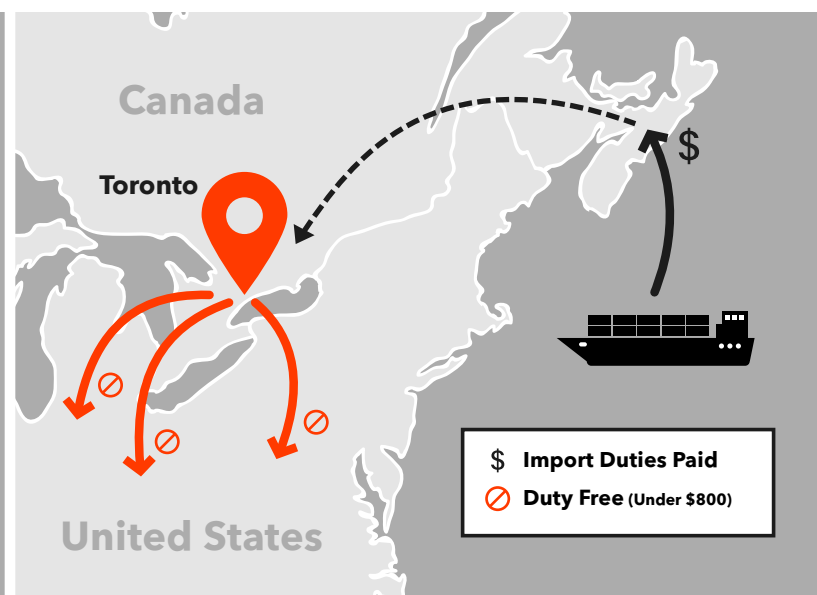
What your solution looks like with PFS

- Fulfillment from our Toronto DC, which supports easy and fast injection into the U.S.
- Product picked and packed using a system-driven approach that ensures speed and accuracy, and our distinctive brand-forward packout
- Transportation management services that determine the optimal route and systematically select the best carrier to deliver each customer order quickly (including 2-day delivery options)
- ACE Truck eManifest Service approved by U.S. Customs and Border Protection (CBP), which requires customs brokers and filers to have customs clearance software that can transmit data about imported cargo to the CBP before it arrives at the port of entry
- Returns processing at a PFS facility based in the U.S. for cost efficiency

Standard U.S. Importing



Section 321 with PFS



Benefits of a Toronto-based operation

Strategically located in one of Canada's major commercial hubs, fulfillment from our Toronto DC allows for easy injection into the U.S. for brands seeking to take advantage of Section 321 savings.

Section 321 fulfillment from Toronto:

- Close proximity to the high-density population of the Northeast
- 90 minutes from the U.S. border, with induction points in Buffalo and Chicago, and specialized carrier partnerships that enable seamless cross-border delivery hand-offs
- Within 30 minutes of downtown Toronto and Toronto Pearson International Airport
- Proximity to Highways 401, 404 and 407 for ground shipments
- Convenient access to the Greater Toronto Area's highly skilled workforce of nearly 6 million people
- Established carrier network, including national carriers (FedEx, UPS and DHL) as well as regional carriers, for a highly redundant transportation strategy

Case Study

E L O Q U I I

Apparel brand Eloquii turned to PFS to support their growing eCommerce demand while alleviating the impact of increased tariffs in the U.S. with Section 321 fulfillment. During the early days of the COVID-19 pandemic, the scalability of PFS' operation proved essential to supporting the spike in online demand resulting from brick-and-mortar closures.

Want to learn more about cross-border expansion challenges and opportunities around the world?

[Download our Cross-border eBook](#) to discover how to break down border barriers and achieve your international growth goals.



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