



How to Prepare for Increased Tariff Compliance Enforcement

ARE YOU PREPARED FOR A NEW ENFORCEMENT REGIME?

With the Trump Administration's extensive use of tariffs under its "America First Trade Policy," the U.S. Department of Justice (DOJ), supported by U.S. Customs and Border Protection (CBP), has shifted its enforcement focus to trade fraud and tariff evasion. Criminal investigations into import-related fraud and attempts to circumvent tariffs have become key priorities for both agencies.

Any business facing potential tariff exposure should prioritize compliance and prepare for increased enforcement.

To learn more about these recent developments and how to prepare, listen to our on-demand webinar, "[Fraud Risks in a Shifting Trade Landscape: Best Practices for Import Tariffs and Export Controls](#)," which took place on September 23rd.

OVERVIEW OF RECENT ENFORCEMENT CHANGES

Tariff enforcement has generally been handled through civil actions by CBP under 19 U.S.C. § 1952, allowing for civil penalties for tariff misclassifications, undervaluing (or even overvaluing) goods, and misstatements of origin. More recently, the DOJ has turned to the False Claims Act (FCA), which allows the government to pursue more substantial penalties, while also encouraging whistleblowers through financial incentives.

Whistleblowers can report alleged violations to the Criminal Division's Corporate Whistleblower Program and file lawsuits on behalf of taxpayers under the qui tam provisions of the FCA (i.e. provisions that allow private citizens to sue on behalf of the government to recover funds lost to fraud). They can also bring their cases directly to the DOJ.

As part of this shift, the DOJ has established a dedicated Market, Government, and Consumer Fraud (MGCF) Unit. The MGCF Unit will pursue violations under the current tariff regime, as well as retroactively within the five-year statute of limitations for customs violations.

The DOJ and CBP will give particular attention to violations such as false declarations, transshipments, valuation issues, and evasion — whether a business was directly involved in or facilitated any of these kinds of violations, even if not done willfully. Enforcement is expected to extend beyond importers to buyers and other parties involved in import transactions

WHAT ARE THE CONSEQUENCES FOR VIOLATIONS?

Civil penalties and fines will be imposed for owed duties. Under the new enforcement strategy, organizations could also face criminal charges that lead to imprisonment, which can cause significant reputational damage, reduced stakeholder trust, and supply chain disruption.

HOW CAN ORGANIZATIONS PREPARE?

Businesses subject to tariff compliance should consider the following steps now to prepare:

Conduct Risk Assessments

Companies should conduct comprehensive assessments to identify potential risk areas and review the strength of their internal controls and processes. Areas of concern could include the lack of visibility into suppliers, reliance on one-time suppliers or other providers versus having consistent vendors, or gaps in compliance processes.

During an assessment, organizations should also evaluate their ability to update compliance processes in real time as tariff rates change and consider offering new internal trainings. Businesses should also have policies and procedures in place to swiftly and effectively respond to red flags and fraud allegations. There should be a well-documented and communicated process for escalation of such reports, which should entail alerting senior management to the issues, conducting an efficient, thorough investigation, and promptly remediating any gaps or deficiencies.

Prioritize Documentation

Review and audit all import records, customs filings, and declarations to confirm information is present and accurate. Missing or inconsistent data can be a red flag for investigators.

Businesses should confirm they have adequate evidence on hand to support positions they have taken in tariff compliance. This process may include reviewing invoices to confirm they accurately describe the product being imported, that those descriptions align with declared tariff classifications, and with the proper country of origin. Another example could be obtaining appropriate documentation and certifications for Section 232 tariffs on steel and aluminum, which can include steel mill certificates and supplier affidavits.

Collaborate with Suppliers and Other Vendors

Communicate with all suppliers and other vendors — including any customs brokers, logistics providers, or other parties involved in the importation process — about any questions that arise during the review of internal controls and documentation. Additionally, organizations should review any declarations or materials that third parties prepare on the organization's behalf.

Centralize and Leverage Key Data

All compliance data (including key reports from CBP's Automated Commercial Environment, or ACE) should be stored in a central location and in a readily accessible format. This approach will make it easier to apply data analytics to conduct audits and proactively monitor to identify any red flags in data. Potential issues to look out for include but are not limited to misclassifying goods by tariff code, misreporting values, unusual or circuitous shipping routes, unnecessary or unexplained diversion of goods, invoices with unexplained charges or costs with no reasonable justification, deliberate masking of information in records, claiming free trade preferential tariffs without appropriate certifications, and anomalies in profit margins of both high and low tariff products.

WHAT'S NEXT?

Organizations should continue to be vigilant as they strengthen compliance processes and collaborate with suppliers and other stakeholders. Additionally, they should externally monitor both the enforcement strategy from the DOJ and any tariff changes and update their compliance processes and trainings accordingly.

Learn more about [increased tariff compliance enforcement by listening](#) to the on-demand webinar.

We would welcome the opportunity to connect with you to further explore your organization's trade compliance framework—identifying both areas of strength and potential gaps for improvement. BDO provides comprehensive support, including assessing tariff exposure, conducting internal customs reviews, and assisting with government inquiries. Contact our [Forensic & Investigations Consulting Team](#) to learn more about our [Tariff Fraud Risk Management Services](#).



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