

Deloitte Tax LLP looks at new US tariffs, qualified disaster relief payments

Deloitte Tax LLP looks at new US tariffs on products of Canada, China, and Mexico; and employer-provided assistance regarding federal disaster relief and the California wildfires.

New US tariffs on products of Canada, China, and Mexico trigger negotiations and other actions

On February 1, 2025, President Trump issued three executive orders implementing new sweeping supplemental tariffs on imported products of Canada, Mexico, and China. The supplemental tariffs apply to products of China effective February 4, 2025, and China announced its intention to impose retaliatory countermeasures in the event of US tariffs. However, Canada and Mexico reached agreements with the United States on February 3, 2025, to postpone the effective dates of supplemental tariffs by 30 days and “one month,” respectively, in exchange for actions both countries would take on border security; those countries’ own retaliatory actions against the United States were pre-empted by the negotiations and border security agreements.

Deloitte Tax LLP provides details on the new tariffs in a new alert.

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/dttl-tax-alert-us-03-february-2025.pdf>

Federal disaster relief and California wildfires: Employer provided assistance

On January 8, 2025, the President of the United States issued an emergency declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (“Emergency Declaration”) in response to California wildfires and straight-line winds.

Under section 139, qualified disaster relief payments may be made by employers, as well as other parties, to an individual on a tax-free basis in the event of a qualified disaster. To qualify under section 139, a two-prong test must be met. First, a “qualified disaster” must have occurred, and second, the payments must be considered “qualified disaster relief payments.” Whether employer-provided reimbursements, grants, or other assistance are excludible under section 139 depends on the factual situation, and it is recommended that employers review existing section 139 guidance.

Deloitte Tax LLP provides analysis on section 139 in a new alert.

URL: https://dhub.deloitte.com/Newsletters/Tax/2025/TNV/250207_5_suppA.pdf

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