NetSuite Tariff Configuration for Administrators and CFOs

Published May 9, 2025 60 min read

Handling Tariffs in NetSuite: A Comprehensive Guide for Administrators and CFOs

Today's Trade Environment: Tariffs – government-imposed import taxes – have become a significant factor in global trade costs. Recent White House policies have raised or introduced duties on many imports, from broad **Section 301** tariffs on Chinese goods to **Section 232** duties on steel and aluminum commerce.govcommerce.gov. For example, the U.S. tariff on certain Chinese electric vehicles jumped from 25% to 100% in 2024 commerce.gov, and steel/aluminum tariffs that were 0–7.5% are now a flat 25% commerce.gov. Such changes increase costs for importers and create pricing challenges for exporters. This report explains what tariffs are, how they impact purchasing and pricing, and – most importantly, how to configure NetSuite to track, account for, and manage tariffs effectively. We'll cover step-by-step setup (using *Landed Cost*, *Advanced Procurement*, *Custom Records*, and *SuiteTax*), example workflows for importing and selling internationally, reporting strategies to monitor tariff costs, and tips for compliance and audit readiness. The goal is to equip NetSuite administrators and CFOs with practical tools to navigate tariffs in an ever-changing trade landscape.

Understanding Tariffs and Recent Trade Policy Changes

What Are Tariffs? Tariffs are border taxes on imported goods, imposed by governments to raise revenue or protect domestic industries netsuite.com. When a company imports raw materials, components, or products, it typically must pay tariffs to customs authorities, increasing the landed cost of those goods netsuite.com. Likewise, when companies export, foreign countries may levy retaliatory tariffs that make those American goods more expensive overseas netsuite.com. In effect, tariffs can **affect businesses from two directions**: they raise import costs for inputs and can trigger retaliation that hampers export competitiveness netsuite.com.

Recent Tariff Policies: In recent years, U.S. trade policy has seen significant tariff actions. Under **Section 301** of the Trade Act, the U.S. imposed tariffs (often 25%) on a wide range of Chinese-origin goods starting in 2018, responding to unfair trade practices commerce.govcommerce.gov. These Section 301 tariffs remain largely in effect and were even increased for strategic sectors in 2024 – for instance, tariffs on Chinese semiconductors, batteries, and certain metals were raised to 25%, and **electric vehicles jumped to 100%** commerce.gov. Separately, **Section 232** national security tariffs (from 2018) added a 25% duty on imported steel and 10% on aluminum worldwide; recent adjustments have removed some exemptions, effectively broadening these duties to more countries whitecase.comwhitehouse.gov. The cumulative effect is that the average U.S. tariff rate is climbing (projected from a historical ~2.5% to over 8% in 2025, highest since 1946) netsuite.com. CFOs and financial teams must stay alert to these policy shifts, as they directly impact import costs and pricing strategies.

Why Governments Use Tariffs: Tariffs are typically used to protect domestic industries (making imported competitors pricier) and to pressure trade partners during negotiations netsuite.com. They can also retaliate against unfair practices – for example, to counter foreign subsidies or IP theft netsuite.com. While tariffs may benefit certain domestic producers (e.g. U.S. steel mills or farmers shielded from cheaper imports), they *raise costs* and add complexity for businesses that rely on global supply chains netsuite.com. Tariffs can thus create **winners and losers**: some firms gain from reduced foreign competition, while many others face higher input costs or reduced export sales netsuite.com.

Volatility and Uncertainty: Trade tensions often lead to rapid changes – new tariffs can be announced or lifted unpredictably. This volatility makes it difficult for companies to plan inventory, pricing, and sourcing netsuite.comnetsuite.com. Businesses may find themselves scenario-planning "what if" tariff increases or negotiating with suppliers for cost sharing netsuite.com. Uncertainty also adds compliance burdens, as companies must keep up with tariff lists, rates, and expiration of any temporary exclusions. In 2018's trade disputes, foreign partners retaliated with tariffs on an estimated $121 billion of U.S. exports netsuite.com, forcing U.S. exporters to absorb about half of those costs to stay competitive netsuite.com. The **key takeaway** is that tariffs are now a significant and evolving factor in international trade, requiring strategic planning and agile financial management.

> ***Summary:*** *Tariffs are import taxes that raise the cost of goods. Recent U.S. tariffs (Section 301 on China, Section 232 on metals) have sharply increased duties on many imports commerce.govcommerce.gov, driving up costs for importers and sometimes inciting retaliatory tariffs abroad netsuite.com. This environment challenges companies to adapt purchasing and pricing strategies amid higher costs and ongoing uncertainty netsuite.com. In the next sections, we'll examine how these tariff impactstrickle into purchasing decisions, pricing, and profitability – and how NetSuite can be configured to manage it all.*

How Tariffs Impact Purchasing, Importing, and Pricing

Higher Purchasing Costs: For companies that import materials or products, tariffs directly increase the *landed cost* of those goods. A tariff is essentially an extra percentage (or fixed fee) on the import's customs value. For example, if your company imports a component for $100 and a 25% tariff applies, you pay an extra $25 in duties to U.S. Customs – making the true cost $125 before even accounting for shipping. This **inflates cost of goods sold (COGS)** and can squeeze profit margins linkedin.com. CFOs will notice gross margins shrinking on products heavily affected by tariffs unless mitigating actions are taken. Tariffs effectively act like a cost surcharge on foreign-sourced inputs, which has prompted some businesses to seek alternate suppliers in lower-tariff countries or renegotiate prices with vendors.

Pricing Strategies – Pass-Through or Absorb?: Companies must decide whether to pass increased costs on to customers via price hikes or absorb the costs and accept lower margins. In many cases, businesses will pass along *some or all* of the tariff expense in their pricing netsuite.com. For instance, a distributor might implement a **"tariff surcharge"** on invoices or raise the base price of imported products. NetSuite users have approached this by adding separate line items (e.g. a custom "Tariff Fee") to sales orders as a transparent charge to customers, especially when tariffs were introduced suddenly. (We'll discuss how to set up such surcharge items later.) However, passing on 100% of the cost may reduce demand if customers balk at higher prices. In export markets, U.S. companies facing retaliatory tariffs often chose to *absorb about half* of the added costs to stay competitive netsuite.com. This means accepting lower profit per unit in hopes of maintaining market share abroad. **CFOs** need to analyze price elasticity and profitability: can the market bear higher prices, or is it wiser to take a margin hit? NetSuite's **pricing tools** (like multiple price levels) can help model these scenarios netsuite.com, and **landed cost tracking** (discussed below) ensures you know the true cost baseline for those decisions.

Importing & Sourcing Decisions: Tariffs also influence *what* and *from where* companies purchase. A 25% duty on goods from Country A might make Country B's products more attractive even if they were slightly pricier before. Businesses are reconsidering supply chain geography – some diversify suppliers to mitigate risk, while others invest in domestic sourcing to avoid tariffs altogether netsuite.com. There are also special trade programs to lower costs (for example, **foreign trade zones** or bonded warehouses in which tariffs can be deferred or reduced, or tariff exclusions for certain product codes). While those are outside the scope of NetSuite configuration, the ERP system can be used to tag items with *country of origin* or tariff codes to support such strategies and reporting.

Cash Flow and Inventory Valuation: Paying tariffs adds to cash outflows at the time of import. Unlike accounts payable to a supplier (which might have 30-day terms), tariffs are often paid upfront or shortly after import, sometimes via a customs broker. This can impact cash flow planning. From an accounting perspective, if the imported goods are inventory for resale, tariffs paid become part of the inventory asset value on the balance sheet (i.e. they should be capitalized into stock cost, not immediately expensed) gurussolutions.com. This means the cost hits the income statement gradually as you sell the inventory (as higher COGS), rather than all at once. Proper handling in NetSuite is critical to **capitalize these costs** correctly and not mis-state expenses in the current period. On the other hand, if the tariffs relate to goods that are expensed immediately (not inventory, or for an internal asset purchase), then the duty would be expensed – but most of our focus here is on inventory scenarios.

Complexity and Compliance: Rapid tariff changes and multi-country operations increase the complexity of compliance. Companies must ensure they classify products correctly (using Harmonized System codes) to apply the correct tariff rates, maintain documentation of duties paid, and potentially report this information to regulators or auditors. Uncertainty in tariff policy (e.g. will a tariff be temporary or permanent?) complicates long-term contracts and pricing agreements. Many firms engage in **scenario planning** – e.g. modeling financial outcomes if tariffs rise another 10% or if a new country gets hit with tariffs erp.today. NetSuite's **real-time visibility** into inventory costs and its reporting tools help here: with accurate data, CFOs can quickly assess the impact of tariff changes and make informed decisions erp.today. In fact, having a centralized system like NetSuite is a "best defense" against tariff volatility – it provides the *data and insights* needed for agile decision-making erp.today.

> ***Key Challenges Due to Tariffs:***
>
> - ***Higher Costs:*** *Direct increase in cost of imported materials, raising COGS and squeezing margins.*
> - ***Pricing Dilemmas:*** *Must decide how much tariff cost to pass to customers vs. absorb, balancing profit vs. competitiveness netsuite.com.*
> - ***Supply Chain Shifts:*** *Pressure to find new suppliers or alter supply chains to minimize duty exposure netsuite.com.*
> - ***Cash Flow Impact:*** *Upfront duty payments affect cash and need to be built into forecasts.*
> - ***Uncertainty:*** *Frequent policy changes make budgeting and contracting harder; scenario planning is required netsuite.comerp.today.*
> - ***Compliance Burden:*** *Need to classify goods correctly, track tariffs paid, and maintain records to avoid penalties and to be audit-ready.*

Having framed why effective tariff management matters, we now turn to **how NetSuite can help address these challenges**. NetSuite provides several features to track tariffs as part of your cost structure, ensure accurate financials, and assist in compliance. By configuring these features properly, NetSuite administrators and CFOs can gain control and visibility over tariff impacts.

Configuring NetSuite to Handle Tariffs

NetSuite ERP offers robust tools to manage the additional costs and complexities that tariffs introduce. The core idea is to use NetSuite's **landed cost** functionality to capture tariffs (and other import costs) as part of your inventory value. By doing so, you get an accurate view of product costs and gross margin – no hidden fees are overlooked gurussolutions.com. This section will explain how to set up and use landed costs for tariffs step-by-step, along with advanced options like estimated landed cost templates, custom records for tariff data, and SuiteTax considerations.

1. Enabling and Understanding Landed Cost in NetSuite

What is Landed Cost? It is the total cost of getting a product to your warehouse – not just the purchase price, but also freight, insurance, customs duties, tariffs, and any other charges up to the destination keystonebusinessservices.net. NetSuite's *Landed Cost* feature allows you to record these additional costs on transactions so that they are included in the inventory item's value. In other words, landed cost functionality lets you allocate expenses like tariffs to the cost of items, rather than treating them as period expenses. This provides a *complete view* of product cost and ensures profitability analysis is accurate gurussolutions.com.

Feature Enablement: Before you can use landed costs, ensure the feature is enabled in your NetSuite account. An administrator can check under **Setup > Company > Enable Features** (in the Inventory or Purchasing section) for an option related to Landed Costs. Once enabled, you'll see a **Landed Cost** subtab appear on item receipt and vendor bill forms in NetSuite.

Marking Items to Track Landed Cost: NetSuite requires you to specify which inventory items should have landed costs applied. Edit each **item record** (Lists > Accounting > Items) and on the **Purchasing/Inventory** subtab, check the box **"Track Landed Cost."** docs.oracle.comdocs.oracle.com. Only items with this box checked are eligible for landed cost allocation on transactions docs.oracle.com. (Tip: You can mass-update or inline edit this field for many items at once to save time docs.oracle.com.) Mark all items that incur import duties, freight, or any extra landing costs. If an item isn't marked, NetSuite will ignore it during landed cost allocation – so you could end up not assigning tariff costs to it, which we don't want.

Creating Landed Cost Categories: Next, define your landed cost categories. Go to **Setup > Accounting > Landed Cost Categories** (or via the Accounting Lists). Here you create labels for the types of costs – e.g. *Duty/Tariff*, *Freight*, *Insurance*, *Broker Fees*, etc. Each category can be linked to an expense account or a predefined cost allocation behavior. For instance, you might create a category **"Tariff Duty"** and associate it with an account like *Customs Duty Expense* or an inventory clearing account. NetSuite will display each category as a field on the landed cost subtab of transactions docs.oracle.comdocs.oracle.com. Proper categorization helps in reporting (you can later filter or search by category to see total tariffs paid).

Defining Allocation Methods: When recording landed costs, NetSuite can allocate a lump sum cost across multiple line items on a transaction using one of several methods: **Value, Quantity, Weight, or a Custom formula** keystonebusinessservices.netdocs.oracle.com. For tariffs, the most logical allocation is usually by **Value** (the cost of each item) – since tariffs are often charged as a percentage of the item's value. Other costs might use different methods (freight might allocate by weight or quantity, for example) keystonebusinessservices.netdocs.oracle.com. You choose the allocation method at the time of entering the landed cost, but it's determined per transaction (one method per transaction, not per category) docs.oracle.com. In practice, many companies set tariffs = X% of item value, so allocating by value proportionally spreads the actual duty paid across items based on their cost share.

Example: Suppose a shipment contains two items: Item A valued $1000 and Item B valued $500, and you paid $375 in tariffs (which is 25% of the $1500 total value). If you allocate by value, NetSuite will allocate $250 of that cost to Item A and $125 to Item B, increasing their individual costs accordingly.

Key Benefits of Using Landed Costs for Tariffs: By configuring NetSuite in this way, your company gains multiple advantages:

- **Accurate Total Cost Tracking:** NetSuite will include tariffs and related fees in the product's cost, so you're not *underestimating* how much each item truly costs gurussolutions.com. Nothing is hidden in miscellaneous expense accounts – it's all tied to the items. This accuracy improves decision-making on pricing and sourcing.
- **Improved Profitability Analysis:** When tariffs are integrated into COGS, profit margins on sales are calculated correctly. You can trust your reports to reflect the **real** margin per product and customer, avoiding surprises gurussolutions.com. Managers can identify if certain products are now barely profitable due to tariffs and adjust prices or costs accordingly.
- **Cash Flow Visibility:** Tracking tariff costs in NetSuite also means you can monitor *when* these costs hit. You'll know how much cash is tied up in duties at any given time. Real-time visibility into upcoming or paid tariff bills helps in cash planning and working capital management gurussolutions.com.

- **Compliance & Audit Trail:** Every tariff amount can be recorded and easily reported. NetSuite keeps this data tied to transactions, so preparing customs declarations or answering audit inquiries becomes easier – you can quickly pull how much tariff was paid on a given shipment or item gurussolutions.com. This reduces risk of penalties due to missing or inaccurate filings gurussolutions.com.
- **Flexible Allocation:** NetSuite lets you distribute costs fairly across items or even across locations (if needed). For example, if a shipment serves multiple warehouses, you could allocate costs to each location's items. This ensures each inventory location's value is accurate for accounting and valuation purposes gurussolutions.com.
- **Customer Transparency (Optional):** NetSuite can support adding **tariff surcharges** to sales when needed. You might create a non-inventory charge item called "Tariff Surcharge" that you add to customer invoices/contracts to recoup costs. With proper setup (e.g. as a markup item), this surcharge can be calculated or adjusted easily if tariff rates change gurussolutions.com. This makes the tariff impact visible to customers, which can be important in contractual agreements or negotiations.

2. Recording Tariffs with Landed Cost: Step-by-Step Configuration

Once the above setup is done (feature enabled, items marked, categories made), here's how you would **use landed costs in practice** for recording tariffs:

Step 1: Purchase Order Entry – Enter your purchase orders as usual for overseas vendors. It's good practice to include information like the *origin country* of items (you can use a custom field or the item's **Country of Origin** field if enabled) and any expected tariff % in the PO memos or item description for reference. At PO stage, you might not record any costs besides the supplier's price, but be aware which items will incur tariffs.

Step 2: Item Receipt – When the goods arrive, create an **Item Receipt** against the PO (if using Advanced Receiving, you'll do a separate receipt before the vendor bill). On the Item Receipt, review the quantities and base prices. Now navigate to the **Landed Cost** subtab on the receipt form docs.oracle.com. Here you will allocate the additional costs like tariffs:

- In the **Cost Allocation Method** field, select **Value** (for tariffs) docs.oracle.com. This tells NetSuite to allocate the landed cost based on each item's value proportion. (If you were adding freight too, you could choose weight or quantity accordingly; note that a single transaction can only use one allocation method at a time, so if combining multiple cost types you choose the method that best fits the major cost, or you enter separate receipts per cost type) docs.oracle.com.

- You will see fields for each Landed Cost Category you created (e.g. *Tariff Duty*, *Freight*, etc.) docs.oracle.com. For the Tariff category, there's a **Source** field. **Choose the source** of the cost:
  - **"This Transaction"** if you want to manually enter the amount on this receipt now docs.oracle.com. For example, if you know at receipt time exactly how much duty was paid (maybe from customs paperwork), you can pick "This Transaction" and then enter the dollar amount of tariff in the Tariff field.
  - **"Other Transaction"** if you have a separate Vendor Bill that represents the tariff costs and you want to source that docs.oracle.com. In many cases, you receive an invoice from your customs broker or carrier for the duty. If you have entered that vendor bill in NetSuite, you can select "Other Transaction" and then select that bill. NetSuite will pull the amount from the bill lines into the landed cost calculation docs.oracle.com. (Note: the Vendor Bill must have an item or category that NetSuite recognizes as a landed cost item, otherwise it won't show up to select docs.oracle.com. One way to ensure this is to create a non-inventory "Landed Cost Item" – see below.)
  - **"Other Transaction (exclude tax)"** is a variant to exclude any taxes on the sourced bill docs.oracle.com. For instance, if your freight bill has sales tax or GST on it, you might exclude that portion from being capitalized. If using *SuiteTax*, NetSuite will correctly exclude the tax component when using this option docs.oracle.com.
- If you select an **Other Transaction**, a field will appear to choose which transaction (e.g. pick the vendor bill for import duties) docs.oracle.com. Once selected, NetSuite will sum the relevant lines on that bill associated with the category and display the total amount.
- If instead you chose **This Transaction**, then in the Tariff amount field you simply type the total duty amount for this receipt (e.g. $375). NetSuite might also allow a percentage entry if you set a default on the item (more on that shortly).

Step 3: Save the Item Receipt – When you save, NetSuite will automatically allocate the tariff cost across the line items on the receipt (behind the scenes, it increases each item's value according to the chosen method). The system debits the inventory asset accounts for those items with the extra cost. The credit side of the entry will go to either the accounts payable (if you sourced a vendor bill) or an expense/clearing account (depending on configuration). After this, the inventory valuation now includes the tariff. **The cost of each item on that receipt is now higher by its share of the tariff.** When you later sell those items, the COGS will properly include the tariff portion.

Step 4: Vendor Bill for the Tariff – If you haven't already entered the tariff vendor bill (for example, if you waited to see the actual duty bill), you should enter it and link it accordingly:

- One approach is to record the vendor bill with an item (or expense account) for the tariff, then go back to the item receipt and use "Other Transaction" as described to allocate it. To facilitate linking, some companies create a special **"Landed Cost Item"** (type = Other Charge) called "Tariff Fee" or similar, which is marked as tracking landed cost docs.oracle.com. They use that item on the vendor bill (with quantity=1 and amount equal to the duty). This ensures the bill can be selected in the landed cost subtab docs.oracle.com. After linking and allocation, the bill's amount is effectively capitalized into inventory (the bill would debit an interim account or inventory via that item).

- If you already allocated via "This Transaction" and manually entered the duty on the receipt, then the vendor bill for duty might be coded to a clearing account or the same inventory account to avoid double-counting. Work with your accounting team on the best practice for your setup (often a *landed cost clearing* account is used so the manual entry on receipt and the actual bill offset each other in the GL).

Step 5: Verify Inventory Costs – You can drill down into the inventory costing for an item (e.g. the **Transaction History** or **Inventory Valuation report**) to see that the item's receipt shows the combined cost. For example, item A might show received quantity 100, unit cost $10 base, plus $2.50 tariff = $12.50 effective unit cost keystonebusinessservices.net. This confirms that tariffs are included in inventory value.

Setting Default Tariff Rates (optional): If your tariff is a consistent percentage (say 25% for a certain item category), NetSuite allows some automation. You can define a **Landed Cost template or default** on the item record. One simple method (without add-ons) is to set a **"Landed Cost %"** on the item itself. In NetSuite, when editing an item, you might see the Landed Cost subtab where you can specify for each Landed Cost Category either a fixed amount or a percentage of the item's cost to apply by default keystonebusinessservices.netkeystonebusinessservices.net. For instance, you could specify that for Item A, the Tariff category = 25% of the item's purchase price. Then, every time Item A is received, NetSuite will auto-calculate 25% of its value and pre-populate that as the landed cost (if you enable that option). According to NetSuite experts, *"users can set up a Tariff landed cost type and set the value equal to a % of the purchase price, which is the most common* *configuration. These Tariff rates can be set on the item record…and then auto-applied to items when received."* keystonebusinessservices.net. This is a powerful feature to **fully automate** adding tariff costs to inventory. It ensures your item receipt immediately reflects true cost, and it reduces manual data entry (no need to lookup the duty each time). If the actual tariff paid differs slightly (e.g. due to rounding or varying rates), you can always adjust, but having a default catches most cases. Many companies similarly auto-apply standard freight percentages using this method keystonebusinessservices.net.

Advanced Receiving Note: If you use NetSuite's **Advanced Receiving** feature (which separates item receipts from vendor bills), note that landed cost allocation *must* be done on the **Item Receipt**, not on the vendor bill docs.oracle.com. This is because with Advanced Receiving, the inventory value is set at receipt time. If you try to allocate on a bill after the fact, NetSuite won't retroactively adjust that receipt (in fact, the UI for landed cost on a stand-alone bill is limited to cases where Advanced Receiving is off, or the bill includes a landed cost item for sourcing). In short: plan to record tariffs at the receiving stage for accuracy, especially in an advanced receiving workflow.

3. Using Advanced Procurement & Estimated Landed Cost Templates (Automated Tariff Calculations)

For organizations that handle a high volume of imports, manually entering or even item-by-item default percentages might not be sufficient. NetSuite's *Advanced Procurement* (part of the **Supply Chain Management (SCM) SuiteApp** package) provides an **Estimated Landed Cost** feature that can streamline this further. This is an optional module, but worth considering for complex operations.

Estimated Landed Cost Templates: This feature lets you create **landed cost templates** consisting of multiple cost categories and predefined allocation methods. You can assign a template to an item (or purchase order line), and NetSuite will **automatically calculate and apply the landed cost estimates as soon as you receive the items** docs.oracle.com. For example, you might have a template for "China Imports" that includes 25% Duty (allocated by value), 5% Insurance (by value), and $0.10/unit handling (by quantity). You then attach this template to relevant items. When you create a PO or receive those items, the system *extends* each line's cost by these factors without manual input docs.oracle.comdocs.oracle.com.

How it Works: Landed cost templates allow multiple categories with different allocation bases. Each category has a **cost factor** – which could be a percentage or fixed amount. NetSuite then derives the estimated cost per line from those factors. As items are received, these estimates are applied line by line docs.oracle.comdocs.oracle.com. This means you could receive a large PO of 50 items and not have to tediously enter tariff and freight for each – the template does it for you. You still have the flexibility to update or override the estimates if the actual costs differ.

Supported Transactions: Estimated landed cost can be used on **Purchase Orders, Item Receipts, and standalone Vendor Bills** docs.oracle.com. For instance, you could see the estimated landed cost impact on a purchase order (giving procurement and finance an idea of true landed unit cost before goods even arrive), and then true-up on receipt or bill if needed.

Availability: Note that **Estimated Landed Cost** is part of the Supply Chain Management SuiteApp (often tied to the Advanced Procurement module) and may require additional licensing docs.oracle.com. It's not a core feature available out-of-the-box in standard NetSuite; you'd need to have that SuiteApp installed. Be sure to enable permissions for roles to use this feature (there's an "Enable Estimated Landed Cost" permission to check for appropriate roles) docs.oracle.com.

When to Use Templates vs. Basic Landed Cost: If your tariff rates or import costs are *predictable and stable*, templates can save time and ensure consistency (it's a *"set it and forget it"* approach) linkedin.com. For example, if all products from a certain supplier always incur a 10% duty and $500 freight, a template will auto-apply that. On the other hand, if costs fluctuate widely shipment to shipment (e.g. tariff exemptions, variable freight), you might rely on manually entering actuals via the standard landed cost subtab. As a best practice, companies sometimes use templates to apply **initial estimates** to POs (for budgeting and inventory planning), and then adjust to actual costs at receipt. This yields better accruals and truer cost of goods in interim financials, then final accuracy when actual bills arrive.

Purchase Contracts / Blanket POs: Advanced Procurement also brings features like Purchase Contracts and Blanket POs. While these don't directly calculate tariffs, they allow you to lock in pricing terms with vendors. If tariffs are affecting your cost, you might negotiate with suppliers to share the burden (like a price concession if tariffs rise). You can then use a Purchase Contract in NetSuite to reflect those agreed prices. The connection to tariffs is indirect – it's more about procurement strategy – but worth noting for CFOs: NetSuite can manage complex procurement scenarios, ensuring that if you *do* secure a different pricing or surcharge arrangement, the system can handle it.

Example: Suppose your company signs a deal with a supplier: you agree to pay a 15% higher unit price if tariffs go away (so the supplier keeps more profit), and conversely they give you a 15% discount if tariffs stay (sharing the pain). You could manage this with multiple price levels or contracts in NetSuite and use **SuiteScript or Workflow** to automatically choose the correct pricing based on a tariff indicator. This is a custom solution, but demonstrates the flexibility NetSuite offers to adapt pricing logic around tariff conditions.

In summary, Advanced Procurement's estimated landed cost feature is a powerful add-on for automating tariff cost application. It **automates calculations for each transaction line** using templates docs.oracle.com, thus accelerating processing of imports and ensuring even large purchases have tariffs properly accounted for with minimal manual effort. Companies with heavy import volumes should consider this to maintain efficiency and accuracy.

4. Custom Records, Fields, and Automation for Tariffs

NetSuite's standard tools cover most needs, but some businesses choose to extend NetSuite with customizations to better handle tariffs, especially if they have unique requirements. Here are a few ways to leverage custom records/fields or scripts:

- **Harmonized Codes & Tariff Rates Database:** Create a custom record to store tariff rate information by *HS Code* (Harmonized System code) or item category. For example, you could have a record that says *"HS 8409.91 – auto parts – 25% Section 301 tariff"*. Link this to your item records via a custom field for HS Code. With this, a script could automatically set the appropriate landed cost % on an item receipt by looking up the item's code in the custom table. This is useful if your company deals with hundreds of different tariff classifications or frequently changing rates. Rather than hard-coding rates on each item, you maintain them in one table.
- **Country of Origin Fields:** Add a custom field on item or transaction line to denote *Country of Origin*. While NetSuite has a built-in field for origin country on item records (primarily for International Tax reports or shipping forms), using it or a custom one can help drive logic – e.g. if Origin = China, then apply 25% duty; if Origin = Germany and item is steel, apply Section 232 tariff (unless exempt quota). Such conditional logic can be implemented via SuiteScript (on save of item receipt) or SuiteFlow (workflow).
- **Automated Surcharge Lines:** If your business passes tariffs on to customers as a separate line item (common in B2B contracts), you can automate that. For instance, a workflow could trigger on sales order approval: it could sum the estimated tariffs on the items (perhaps by referencing a tariff rate field on each item) and then add a new line for "Tariff Surcharge" with that amount. This would itemize the tariff cost for the customer. Another method is using NetSuite's **Markup Items** – you can create a markup that adds, say, 10% to the order total. However, tariffs usually apply per item class, not uniformly on the whole order, so a script that loops through lines might

be more precise. The **Houseblend** and other NetSuite partner solutions often market automation like this – essentially custom scripting around the standard data to streamline tariff management.

- **Custom Reports and Saved Searches:** While not a "record" per se, configuring saved searches for tariff tracking is a form of customization that's very useful (we will detail this in the Reporting section). You might create a saved search of Item Receipts that outputs the landed cost amounts by category. However, note: landed cost allocations are stored in sub-records in NetSuite's data model, which can be tricky to report on directly. A simpler approach is to ensure each tariff charge comes through a Vendor Bill line (with a known account or item), then use a saved search on that. Custom fields can be added to transactions to tag, say, "Tariff applicable = Yes/No" and then used for filtering reports or searches.

Overall, use customizations **sparingly and strategically** – try to leverage standard features first (for maintainability). But if you have a niche need (maybe multi-tier tariffs, or need to allocate based on a formula not offered out-of-box), NetSuite's platform allows you to script those rules. For CFOs, any custom automation should come with proper controls and testing, to ensure it's correctly calculating amounts (as errors could mean over- or under-capitalizing costs). Involve NetSuite solution consultants or SuiteCloud developers to design and implement these if needed.

5. SuiteTax Considerations for Tariffs

SuiteTax Overview: SuiteTax is NetSuite's newer tax engine, designed to handle complex tax calculations (like sales tax, VAT, GST) in multiple jurisdictions bridgepointconsulting.com. It introduces a Tax Details subtab on transactions and supports tax plugins for various countries docs.oracle.com. Tariffs, however, are *not* a typical sales tax or VAT – they are customs duties. So where does SuiteTax come in?

In most cases, you will **not treat tariffs as "taxes" in NetSuite**, because a tariff isn't calculated by the system based on customer or vendor addresses the way sales tax is. It's determined by customs authorities based on product and origin. Thus, we handle tariffs via landed cost (as described) rather than via tax codes. That said, there are a couple of touchpoints with SuiteTax to be aware of:

- **Import VAT vs. Tariffs:** If you have international subsidiaries (e.g. a UK subsidiary using NetSuite OneWorld), when they import goods, there are often **import VAT** charges in addition to any customs duty. VAT is a tax that might be recoverable (you claim it back), whereas duty is not recoverable. SuiteTax would handle the import VAT portion through tax codes (so the UK subsidiary's vendor bill from customs would have a VAT line, which SuiteTax would account for as input tax). The customs **duty portion** of that bill should be handled as landed cost or expense. It's important not to mix the two. If using SuiteTax, make sure your customs broker bills are entered such that VAT goes in the Tax Detail (so it flows to your tax reports), and the duty goes as an item/expense (possibly a landed cost item for allocation).

- **"Exclude Tax" on Landed Cost:** Earlier we noted the *Other Transaction (exclude tax)* option docs.oracle.com. This is precisely for SuiteTax users who need to exclude a tax element on a sourced bill. For example, a freight invoice might include VAT. If you source that bill as landed cost and don't exclude tax, you'd accidentally capitalize the VAT into inventory (which is wrong because you'll likely reclaim that VAT from the tax authority). NetSuite, with SuiteTax enabled, will exclude the tax line if you choose the exclude option, only capitalizing the net amount docs.oracle.com. **Bottom line:** when sourcing bills in landed costs, be mindful of any tax on those bills. Use the exclude feature to avoid mingling tax with tariffs.

- **Custom Tax for Tariffs (not typical):** Could you set up a custom tax code for tariffs? In theory, one might create a tax code named "Import Duty" at 10% and apply it on PO or vendor bill lines. This would calculate an amount, but that amount would post to a tax liability account (which isn't where we want it), and it wouldn't increase the inventory cost. So, this approach is not recommended for inventory goods. It might be used in special cases (for example, if you were simply rebilling a duty to a customer and wanted it to show as tax on an invoice, though usually you'd use an other charge item for that). Thus, SuiteTax's role is mainly in handling *true taxes*, while tariffs should be handled as costs.

Note: If your company is in an industry or location where tariffs behave like a tax (some countries call certain fees "surcharges" or have import fees that act like taxes), consult with a NetSuite tax expert. SuiteTax is very flexible in defining new tax types and rules netsuite.com, but the key distinction is whether the fee should be part of item cost or not. Tariffs generally = include in cost.

In summary, SuiteTax doesn't fundamentally change how you manage tariffs in NetSuite – you will still use landed cost for that. Just ensure that if you're using SuiteTax, any intersection (like excluding VAT from a landed cost) is properly configured docs.oracle.com. Always verify that the financial treatment (capitalization vs expense vs recoverable tax) of each component of import costs is correct in the system.

Example Workflows in NetSuite for Tariff Management

Let's walk through practical examples of how an import and an international sale can be handled in NetSuite, bringing together the configurations we discussed. These workflows illustrate the end-to-end process, from purchasing to financial reporting, with tariffs in play.

Workflow 1: Importing Tariff-Affected Goods (Inbound Scenario)

Scenario: Your company, based in the U.S., is importing 100 units of Item A from a supplier in China. Item A is subject to a 25% Section 301 tariff. You'll use NetSuite to record the purchase, the tariff, and see the impact on inventory cost and financials.

1. **Purchase Order Creation:** A Purchase Order is entered to **Vendor CN Ltd.** for 100 units of Item A at $100 each. The PO is created in NetSuite (perhaps with **Incoterm DDP vs FOB** noted – but in this case, assume FOB shipping point, meaning your company will handle import fees). The PO total is $10,000. At this stage, no tariff is recorded yet; however, you might have an *Expected Landed Cost* column visible (if using that feature) showing an expected duty of $2,500 (25%). This gives a heads-up that the true cost may be $12,500. The PO is approved and sent to the supplier.

2. **Item Shipment and Transit:** The supplier ships the goods. A freight forwarder is carrying it. As goods depart, you may optionally create an **Item Fulfillment** (if drop shipment or just to track transit – not always needed for imports; more relevant in sales orders scenario). More importantly, you prepare for customs. You (or your customs broker) classify Item A under the appropriate HTS code which has a 25% duty rate.

3. **Item Receipt in NetSuite:** The goods arrive at the U.S. port and clear customs after you or your broker pays the import duty. You then receive the goods into your warehouse. In NetSuite, you go to the PO and click **Receive** to create an Item Receipt. On the receipt, you enter the 100 units received, at the $100 rate (NetSuite will likely bring the rate from the PO). Now, before saving, you click the **Landed Cost** subtab:

    - Select **Allocation Method = Value** (since we're allocating duty by item value).
    - For the **Tariff Duty** category, choose **"This Transaction"** as the source (since you know the duty amount from customs paperwork). Enter **$2,500** as the amount (that's 25% of $10,000).
    - (If you hadn't known the exact figure, you could wait for the broker's bill and use "Other Transaction" later. But let's assume you have it.)
    - You could also add any freight or other landed costs here if applicable (each category would have its own line).
    - Save the Item Receipt.

NetSuite now records the receipt with an **effective value of $12,500** (distributed as $125 per unit). Inventory for Item A increases by $12,500 (100 units at $125). The GL impact:

- Debit Inventory (Item A) $12,500.
- Credit Accounts Payable (or an Accrued Liability) $10,000 for the supplier (since a bill for the goods will be recorded at $10k),
- Credit Accounts Payable (or Duty Clearing) $2,500 for the duty (depending on how the landed cost is configured to post). If you used "This Transaction" without sourcing a bill, likely a temporary credit to a landing cost clearing or the inventory received not billed account is made for $2,500. We will match this with the actual bill next.

4. **Vendor Bill – Supplier Invoice:** The supplier sends an invoice for $10,000. Enter a **Vendor Bill** in NetSuite against the PO for $10,000 for Item A. This will credit AP $10k and debit the Inventory Received/Not Billed account $10k (offsetting the receipt's credit, standard PO accrual process). Now the supplier's portion is settled in the system. The inventory remains $12.5k on books, with $2.5k still sitting as an accrued cost from the receipt.

5. **Vendor Bill – Customs Duty:** Separately, you receive an invoice from your customs broker or DHL (whoever handled the import) for the **$2,500 tariff** paid on your behalf (often plus maybe a service fee, but let's focus on duty). Enter a **Vendor Bill** for the broker: perhaps use the item "Tariff Fee" or an expense account *Customs Duty Expense*. If using an expense account, you'd normally debit expense $2,500 and credit AP $2,500. But recall, we have already capitalized this cost into inventory on the receipt. To avoid double-counting, you would want to reverse the temporary credit from the receipt. If you had set up a clearing account method, you would instead debit that clearing (zeroing it out) and credit AP. Alternatively, if you had not manually entered on the receipt, you would at this point go back and allocate via "Other Transaction":

   - Edit the Item Receipt, go to Landed Cost subtab, and now choose **Other Transaction** for Tariff and select this broker bill. NetSuite will then pull $2,500 from the bill and allocate it, *increasing inventory value now* (if you hadn't before). Since we already did it manually, we skip reallocation. Instead, we ensure the GL ties out: perhaps we change that expense line's account to the clearing account that was credited, so it debits it.
   - The end result after the dust settles: AP has $10k to supplier + $2.5k to broker. Inventory is $12.5k. No net P&L impact at time of purchase (all capitalized). The duty expense account, if used, should be nil because it was reclassified to inventory.

6. **Sale of Item and Profit Analysis:** Now you sell Item A in the U.S. market. A Sales Order is created for 100 units at, say, $150 each. When you fulfill and bill it, NetSuite will record COGS of $12,500 (100 * $125) and revenue of $15,000, giving a gross profit of $2,500. If you had not accounted for the tariff, you might have thought your profit was $5,000 (if COGS was erroneously left at $10k). Thanks to landed cost, the **profitability is correctly stated** and you see that the tariff essentially ate 50% of your gross profit on this deal. Armed with this data, the CFO might decide to adjust pricing or source differently to improve margins linkedin.com.
7. **Reporting & Audit Trail:** Each transaction (receipt and vendor bills) is stored in NetSuite. You can pull up the receipt and see on the Landed Cost subrecord the $2,500 allocation to Tariff Duty. If customs auditors ask for proof of duties paid, you have the vendor bill from the broker on file (and you might attach a PDF of the customs entry to that record in NetSuite for completeness). Financially, your inventory valuation report for that month will show Item A at $125 unit cost. A saved search could summarize all such tariff costs (we'll cover in reporting).

Summary of Inbound Workflow: The key steps were PO, Item Receipt with landed cost, AP bills for goods and duty, and then eventual sale. NetSuite's landed cost functionality ensured the $2,500 tariff was captured into inventory value at the right time, and all linkages (PO to receipt to bills) are maintained for traceability. Throughout, the CFO can run reports to see total tariff costs capitalized, and the NetSuite administrator ensured that the configuration (items flagged, categories set) allowed this smooth flow. The result: accurate inventory costs and margin, and a clear paper trail for compliance.

Workflow 2: Selling Internationally with Tariffs (Outbound Scenario)

Tariffs don't only affect imports; if you sell to customers in other countries, *their* governments might impose tariffs on your products. This scenario explores how that can impact your NetSuite processes, and how to handle cases where your company takes on those costs.

Scenario: Your U.S. company sells equipment to a customer in Europe. The U.S. has no export tariffs, but the EU will charge import duty to the importer (your customer) of, say, 5% on this equipment. Typically, the customer (as importer) would pay that 5% to EU customs. However, to win business, your sales agreement is **DDP (Delivered Duty Paid)** – meaning your company agreed to handle all logistics *and pay the import duty* on behalf of the customer. Essentially, you'll charge the customer one price that includes all taxes/duties. Let's see how to manage this:

1. **Sales Order and Pricing:** You create a Sales Order in NetSuite for the EU customer. The item's base price is $1,000, but since you agreed to cover duties, you factor that in. You have a choice:

  - Increase the item price to include an estimated duty amount.
  - Or add a separate line item for “Import Duty (Estimate)”.

  Many prefer transparency: e.g., keep item at $1,000 and add a non-inventory charge item “Est. Import Duties” for, say, $50 (5%). This way the customer sees the breakdown. In NetSuite, you’d have a **Item** line and a **Duty Charge** line. The duty charge could be set as non-taxable (since it’s reimbursement of a tax). You might have a saved search or script to automatically calculate that 5% based on customer’s country and item HS code, but for now assume you calculate manually or via an integration with a duty calculator.

2. **Item Fulfillment/Shipment:** You fulfill the order, shipping the equipment to Europe. The shipping documents (commercial invoice) show that the goods are sold for $1,000 and duties will be paid by the sender (you). This is important for the courier to know to bill you for the import fees.

3. **Recording Import Duty Expense:** The goods arrive and your carrier (say FedEx) pays the EU customs $50 (5%) to clear them. FedEx then invoices you $50 for “Duties & Taxes” (possibly plus a service fee). Now, in NetSuite, you receive that invoice. How to record it?

   - If you already charged the customer $50 on the invoice, that $50 is sitting as unearned profit unless we account for the actual expense. So, you enter a **Vendor Bill** from FedEx for $50, coding it to an expense account like *Duties Expense* or *COGS – Duties*. You are not adding it to inventory (these goods were sold immediately, not going into stock in EU). So, it’s a period expense or you could treat it as additional COGS for that sale.
   - Alternatively, one might create a **Journal Entry** moving the $50 from a revenue account to offset the expense, but the simpler method is to treat the collected $50 as revenue and the $50 FedEx bill as expense, netting out to zero impact on net income (since you didn’t intend to profit on duties).
   - It’s crucial to not use landed cost here, because landed cost is for inventory receipts. In this outbound case, there is no inventory in your system being received in EU (unless you operate an EU subsidiary and do an intercompany transfer, which is a different scenario).

4. **Revenue and Margin Implications:** The sales invoice to customer is $1,050 (assuming $1k item + $50 duty charge). The COGS on the item is whatever it cost you (say $700 if you imported it earlier, including any tariffs you paid on import to US). The $50 duty you paid in EU is recorded as an expense. So on the P&L, you have $1,050 revenue, $700 COGS, $50 duty expense. Net profit $300, which should equate to the profit had it been domestic (you didn’t make or lose

money on the duty; it was pass-through). If you had *not* charged the customer for duty (DDP free to customer), then you'd have $1,000 revenue and $50 expense, reducing profit by $50 – essentially you absorbed it. CFOs will want to analyze how often they are absorbing vs passing on such costs, and whether it's affecting the overall profitability of international sales.

5. **NetSuite OneWorld – Subsidiary to Subsidiary:** Consider a case where you have a subsidiary in the EU. Instead of selling directly, you might **transfer inventory** to your EU subsidiary and then have them sell locally. In that case, the EU subsidiary would do an Item Receipt when receiving goods from HQ and would use landed cost to record the import duty in EU. This is similar to the inbound workflow: EU sub's item receipt gets a duty landed cost (5%). The inventory in EU now carries that cost. When EU sub sells to the end customer, COGS includes the duty. From the global company perspective, you effectively handled duty within the internal transfer pricing. NetSuite can manage these intercompany transactions (Transfer Orders, or Purchase/Sales between subs) with landed cost on the receiving side to capture duties. CFOs should ensure **transfer pricing** considers these costs – the HQ might sell to EU sub at one price, and EU sub marks up to end customer. The tariff cost either needs to be included in that transfer price or left for EU sub to absorb – a strategic decision.

6. **Compliance and Documentation:** For exports, compliance means having accurate commercial invoices, export declarations, and knowing if your product is subject to any export controls or retaliatory tariffs abroad. While NetSuite doesn't automate all that, maintaining fields like Schedule B (export code) and using the **International Trade** SuiteApp (if available) can help generate proper paperwork. In terms of financial audit, keep records of duty reimbursement. If your customer paid you for duties, ensure you didn't accidentally profit from a tax (some jurisdictions might require you not charge more than actual duty).

Summary of Outbound: When selling internationally, the main tariff consideration is who pays the import duty in the destination country. If the customer pays (most common under DAP/CIF terms), your NetSuite flow is just a normal sale, with perhaps an FYI note to the customer about expected duties. If your company pays (DDP terms), you either build it into price or invoice it separately, then record the actual duty expense via vendor bills. NetSuite doesn't have a "landed cost on fulfillment" feature (since that concept is reserved for incoming inventory), so you handle it through normal billing and expense recording. The important part is transparency and ensuring the financials reflect those costs properly, which a good NetSuite setup (with appropriate items/accounts for duty charges) can achieve.

Additionally, for **multi-national NetSuite users**, make sure each subsidiary is configured to handle import tariffs similarly – e.g., if your Canada subsidiary imports from the US, they too should use landed cost on receipts to capture any Canadian import duties. This standardized approach means every entity's inventory and COGS are accurately stated.

Reporting Strategies to Monitor Tariff Costs and Financial Impact

Knowing *that* you paid tariffs is one thing; knowing **how much**, on what items, and with what effect on your financials is another. NetSuite's reporting and search capabilities can be leveraged to monitor tariff costs closely, which is crucial for CFOs making strategic decisions and for ensuring tariff costs are contained or recovered appropriately.

1. Saved Search for Tariff Expenditures: One straightforward approach is to create a **Saved Transaction Search** focused on your tariff-related transactions. For example:

- **Search Type:** Transaction (Item Receipts and/or Vendor Bills).
- **Criteria:** Landed Cost Category = "Tariff Duty" (this might involve joining the Landed Cost sublist). Alternatively, if you book all duty bills to a "Customs Duty" expense account (for non-inventory or pass-through cases), you can search by account = that account.
- **Results:** Sum of amount, grouped by period, item, supplier, etc.

Using such a saved search, you can produce a report like: "Total Tariffs Paid by Month" and "by Item Category" or "by Vendor." This helps identify trends, e.g., **"We spent $500k on tariffs last quarter, mostly on Product Line X"**. NetSuite's SuiteAnalytics Workbook or saved search can even be configured to calculate tariff as % of total COGS or purchases. For instance, you might show: Jan – $50k tariffs on $1M purchases (5% impact), Feb – $80k on $1.2M (6.7%), etc. Monitoring this percentage tells management how significantly tariffs are affecting input costs over time. (Recall the stat: average tariff rates rising from 2.5% to 8.4% nationally netsuite.com – what's your company's number? NetSuite data can tell you.)

2. Item Profitability Reports: With tariffs in inventory, your standard **Gross Profit by Item** or **Item Profitability** report will inherently reflect the higher costs. CFOs may want to run a *before-and-after* analysis if possible – i.e., what were margins before tariffs vs after. If historical data exists (pre-tariff era), you could compare. Within NetSuite, one way is to maintain a **standard cost** or **base cost** for items (excluding tariffs) and compare it to actual cost with tariffs. If you use the Standard Costing feature, variances could be computed when actual (which includes tariffs) deviates from standard (which might be set as cost excluding tariffs). Those variances effectively show the tariff impact if you treat it that way. Alternatively, if not using standard costing, you could export data and compute externally.

3. Budget vs Actual Tracking: Companies might budget assuming certain tariff rates. If tariffs change mid-year, you'll have variances. Use NetSuite's **Budget vs Actual** reports for COGS or specific expense accounts to catch these. For example, you budgeted $200k for "Duties" for the year but by Q3 you already spent $250k because rates increased. This will show up in a NetSuite financial report if you booked duties to an account that you budgeted. If duties are all capitalized, it might not show in expenses directly; in that case, consider a management reporting trick: use a statistical account or memo field to record tariff amounts so you can budget for them. (Or simply budget higher COGS for tariff-affected items.)

4. Dashboard and KPIs: Add a **KPI** on your NetSuite dashboard for "Tariff Costs" – using a saved search metric. For instance, a KPI could show the tariff amount this month vs last month vs last year. If it's trending up, that's a red flag to perhaps consider action (like sourcing changes or price increases). Another KPI could be "Gross Margin %" on imported products vs others. NetSuite's KPI portlet and alerts can notify you if, say, tariff costs exceed a threshold in a period.

5. Costed BOM/Assembly Impact: If you manufacture products using imported components, the tariffs on those components raise your finished goods cost. Ensure your **Bill of Materials (BOM)** costing in NetSuite takes this into account. A roll-up cost will include the component's inventory cost (which, if you did landed cost, includes tariff). So the BOM's total cost is accurate. You might run **Assembly Item Cost reports** to see how tariffs have impacted them. For example, maybe your cost for Assembly XYZ increased 10% year over year, largely due to increased tariffs on one sub-component – that insight can prompt engineering to seek alternate components or suppliers.

6. Profitability by Market: If you sell globally, consider reports that show profitability by region, factoring in any tariffs/duties. For instance, U.S. sales might have high margins, whereas EU sales under DDP might have lower margins after you pay duties. Using NetSuite's **Financial Segmentation** (classes, departments, locations or subsidiaries), you can tag revenue and duty expenses by region and compare. A CFO could present "Operating profit in Europe is 2% lower due to duty costs we cover; perhaps we need to adjust pricing strategy in that market."

7. "What-If" Analysis: While NetSuite is not a dedicated simulation tool, you can still do some scenario planning within it. One approach is to create a **clone environment** (if you have a Sandbox account) and simulate tariff changes there – e.g., increase the landed cost percentages in a Sandbox and see the projected impact on item costs and profitability. Another approach is using **SuiteAnalytics**: you might create a custom workbook that multiplies recent purchase volumes by a hypothetical new tariff rate to estimate added cost. For instance, "If tariffs go up another 10%, how much extra would we pay based on last year's volume?" – you can take last year's import spend from NetSuite and apply +10% in a spreadsheet or SuiteAnalytics pivot. While this isn't real-time in the production account, it leverages NetSuite data for strategic planning erp.today.

8. Audit and Reconciliation Reports: From a compliance perspective, you should periodically reconcile that all imports had tariffs recorded. A useful saved search is "Item Receipts with imported vendors that have no landed cost entry." If any are found, that might indicate someone forgot to record the duty for that receipt – which could mean inventory is undervalued and no duty was accrued. Then you can correct it (maybe via an inventory adjustment or by recording it late). Also, keep an eye on the Landed Cost Clearing account (if you use one). Ideally, that account should zero out after matching bills and receipts. If it has a balance, investigate which shipments haven't been matched to bills or vice versa.

To illustrate, consider a report snippet:

PERIOD	TOTAL TARIFF COSTS	% OF NET PURCHASES	TARIFF COST ON KEY ITEM (ABC500)	GROSS MARGIN % (OVERALL)
Q1 2025	$500,000	5.0%	$120,000	35%
Q2 2025	$600,000	5.5%	$150,000	33%
Q3 2025	$800,000	7.0%	$200,000	31%

In this hypothetical table, we see tariff costs rising as a percent of purchases each quarter, and margins falling – indicating tariffs are a factor. Having such data from NetSuite allows a CFO to communicate the impact of tariffs to stakeholders and justify actions (like price increases or sourcing changes).

NetSuite's reporting strength is that once your transactional data is correctly captured (through landed costs and related entries), you can slice and dice it in many ways. The system offers **robust reporting capabilities to analyze the impact of tariffs on overall costs** linkedin.com. Use these tools to keep tariffs from "sneaking up" on your profitability.

Lastly, don't forget **qualitative reporting**: maintain documentation on tariff assumptions and changes. For example, keep a document (or even a NetSuite knowledge base entry) that tracks each tariff policy change and how the company responded in NetSuite (e.g., "June 2024: EU increased tariffs on X goods by 5% – updated landed cost template from 5% to 10% for Category X commerce.gov"). This helps in auditing your internal response to tariff changes.

Ensuring Compliance and Audit Readiness

Managing tariffs is not just an operational or financial issue – it's also a compliance necessity. Both government agencies (like U.S. Customs and Border Protection) and internal/external auditors will scrutinize how you handle duties. NetSuite can be configured to help maintain compliance and produce an audit trail for all tariff-related transactions.

Customs Compliance: Every time you import goods, you're making legal declarations about their value, classification (HS code), origin, and applicable tariffs. Errors or omissions can lead to penalties. NetSuite won't automatically classify your goods (that's up to your trade compliance team), but it can **store and organize the data needed**:

- Record **HS Codes or Schedule B codes** on item records (you can use native fields or custom fields). This makes it easier to generate shipping documents and to ensure correct duty rates are applied. Some companies integrate NetSuite with a global trade management system or simply export item data to share with brokers.
- Use the **Landed Cost records** as evidence of what you paid. In case of a customs audit, you may need to show you properly accounted for all duties due. NetSuite's stored vendor bills and receipts with landed costs provide that evidence. For example, if CBP questions a duty entry, you can pull the NetSuite record showing the declared customs value and duty paid.
- Maintain **documents**: Attach PDFs of commercial invoices, customs entries, duty receipts, etc., to the respective transactions in NetSuite. This way, all backup is one click away. An auditor can be given a login or printout from NetSuite to verify values. Being organized with documents can greatly speed up a customs audit and build confidence in your processes.

Accounting Compliance: Financial auditors (and SOX controls for public companies) will look at how completely and accurately you capture costs. Omitting a significant cost like tariffs from inventory would be a material error. By using the landed cost feature, you ensure **inventory is valued in accordance with GAAP** (which requires including all costs to get inventory ready for sale). NetSuite's audit trail shows who entered or edited landed cost information and when, adding to internal control. It's a good idea to write a **policy or procedure document** internally: e.g., *"All international purchases must have associated landed costs entered within 5 days of receipt"*. Then use NetSuite saved searches (as mentioned) to enforce this: any exceptions get flagged to managers.

Audit Readiness Checklist: Here are steps to be audit-ready with tariffs in NetSuite:

- **Consistency:** Ensure all relevant items are flagged to track landed cost docs.oracle.com. An auditor might sample some SKU and ask, "Were these imported? If so, show me the duty." If your system has it consistently recorded, it's easy.
- **Reconciliation:** Periodically reconcile the total duty amounts in NetSuite to external records (broker statements, CBP periodic statements, etc.). They should match. Discrepancies could mean some duty wasn't recorded or was recorded incorrectly. Auditors appreciate when you have such reconciliations as part of monthly close.
- **Access Control:** Limit who can modify landed cost entries. Perhaps only the logistics or accounting manager role should be able to edit a landed cost on a receipt, to prevent accidental or unauthorized changes. SuiteFlow approval processes can even be put in place if a landed cost entry is above a certain amount – up to your control environment.
- **Documentation of Assumptions:** If you use estimated landed costs or standard cost, document how those rates are decided and how often they're reviewed. For example, *"25% duty applied based on Section 301 tariff rate as of 2025; reviewed quarterly against USTR announcements."* This kind of note can be attached to the item or maintained in a central wiki.
- **Compliance with Tax Laws:** If you treat any tariffs as expenses (for non-inventory items) or if you pass them to customers, consider any tax implications. For instance, in some jurisdictions, if you charge customers a "duty fee," do you need to also charge sales tax on that fee? (Usually not, but one should confirm with a tax advisor.) NetSuite's tax settings can be adjusted for the duty item to be non-taxable to avoid errors.

- **Duty Drawback and Re-exports:** If your company re-exports imported goods (exports products that were previously imported and paid U.S. duty), you might be eligible for **duty drawback** (refund of 99% of the duty). To claim this, you need to track which imports tie to which exports. NetSuite can help by lot or serial numbering items or simply linking fulfillments to original receipts (if it's the same item re-exported). While a full drawback solution may require custom work, at minimum you can use NetSuite data to quantify "we exported X units that we had imported and paid $Y duty on." Then file for the refund with Customs. Being prepared with this data is part of maximizing compliance benefits. Make sure to **flag any export shipments that might qualify**. A custom field "Drawback Eligible: Yes/No" on item fulfillments could help, for instance.

Regulatory Changes: As tariff regulations evolve (e.g. new tariff lists, exemptions, trade agreements like USMCA replacing NAFTA), you'll need to update NetSuite configuration. Perhaps a tariff that was 25% drops to 10%, or a new category is added. Keep an ear on trade news (USTR, CBP notices) and proactively adjust:

- Update any **item default percentages or templates** to the new rate.
- Communicate with purchasing to update open POs if needed (or at least to be aware of cost changes).
- If a tariff is scheduled to expire, be ready to remove the landed cost entries post-expiry.
- Leverage NetSuite **SuiteAnalytics** to simulate the impact of these changes ahead of time (as noted, scenario planning).

Staying current means your financial statements will immediately reflect reality, and you won't have to scramble at year-end to true up inventory values.

In essence, **NetSuite supports compliance by keeping accurate, readily available tariff data for customs, tax reporting, and audits** gurussolutions.com. It helps maintain a clear trail from the time of import to the financial books, showing that you paid what was due and accounted for it properly. By integrating tariff tracking into your normal NetSuite workflows, compliance becomes a byproduct of doing things the right way (rather than an extra chore).

As a final note, **train your team** on these processes. NetSuite admins should train receiving and accounting staff on how to enter landed costs. Document the steps (maybe even build a simple NetSuite **workflow assistant** to prompt users to enter landed costs upon item receipt). A well-informed team is less likely to make errors that could lead to compliance issues.

Conclusion: Effective Tariff Management with NetSuite

Tariffs are an inescapable aspect of today's international trade environment, and they can significantly impact a company's bottom line and operations. For NetSuite administrators and CFOs, the challenge is to seamlessly integrate tariff handling into the ERP system so that all costs are captured, decisions are data-driven, and compliance is maintained.

In this report, we covered how tariffs – from the recent Section 301 and 232 actions to ongoing trade policy shifts – are raising costs and requiring adaptive strategies netsuite.comcommerce.gov. We discussed how those added costs affect purchasing choices, pricing of products, and profit margins, emphasizing that understanding and tracking the true landed cost of goods is critical for sound financial management gurussolutions.comlinkedin.com.

NetSuite provides a comprehensive toolset to meet this need: the **Landed Cost** feature ensures all import-related expenses (tariffs, freight, etc.) are rolled into inventory values, giving an accurate financial picture gurussolutions.com. By following the step-by-step setup – enabling the feature, marking items, creating categories, and diligently entering or automating cost allocations – businesses can **maintain precise cost records despite complex tariff scenarios** keystonebusinessservices.netkeystonebusinessservices.net. Advanced modules like **Estimated Landed Cost templates** further streamline the process for high-volume importers, reducing manual work and error risk docs.oracle.comdocs.oracle.com.

For outgoing sales, especially under DDP terms, we saw that NetSuite can flexibly handle duty charges either through pricing or additional billing items, ensuring that any costs your company absorbs are properly recorded and analyzed. The ability to track these costs allows management to adjust strategies – for example, deciding whether to continue DDP or seek different terms – with clear visibility into the margin impact.

Crucially, **reporting and analytics** in NetSuite turn raw data into actionable intelligence. CFOs can monitor tariff impacts on a granular level and enterprise level: from per-item profitability degradation to aggregate increases in cost of goods linkedin.com. This empowers proactive responses, such as finding cost savings to offset tariffs or advocating for pricing adjustments to protect margins erp.today. Moreover, by having the data well-organized, companies are better positioned to conduct scenario planning ("what if tariffs rise another 10%?") and to make quick, informed decisions in the face of trade volatility erp.today.

Finally, we underlined the importance of **compliance and audit readiness**. NetSuite's systematic tracking acts as a safeguard – ensuring duties are correctly accounted for (so inventory and COGS are right) and providing an audit trail to satisfy customs authorities and financial auditors alike gurussolutions.comlinkedin.com. By embedding tariff management into your ERP processes, you reduce the risk of errors, fines, or surprises. In short, NetSuite becomes a central repository of truth for all tariff-related financial information.

Best Practices Recap: To conclude, here are some best practices for handling tariffs in NetSuite:

- **Stay Informed on Tariff Changes:** Know the current rates and rules (via government bulletins or trade advisors) and promptly update your NetSuite configurations (item landed cost settings, templates) to match commerce.govcommerce.gov.
- **Enable and Educate:** Ensure the Landed Cost feature is enabled and your team knows how to use it properly for each import receipt. Institute a checklist for receiving imports that includes entering tariff costs.
- **Use Automation Judiciously:** Deploy advanced features (estimated cost templates, custom scripts) if they provide value, particularly in reducing manual entry and error. Automation can enforce consistency and free up staff time for analysis rather than data input.
- **Separate and Track Costs:** Keep tariff costs visible – whether through separate GL accounts, categories, or surcharge lines. This facilitates analysis and avoids them getting "lost" in general overhead.
- **Review Reports Regularly:** Have the finance team review tariff cost reports monthly or quarterly. Identify any unexpected spikes or dips. This could catch issues like misclassified items or missed landed cost entries early.
- **Audit Internal Processes:** Periodically audit a sample of imported transactions: verify the duty recorded in NetSuite matches the official customs documents. This not only prepares you for external audits but also reinforces internal discipline.
- **Optimize Strategy:** Use the insights from NetSuite to inform broader strategy – e.g., if a certain product's profitability is heavily eroded by tariffs, maybe it's time to source or manufacture differently (or lobby for an exclusion if possible!). NetSuite data can quantify the impact, which is powerful information for strategic planning and discussions with suppliers or policymakers.

By treating tariff management as an integral part of your NetSuite ERP workflow, rather than a separate offline calculation, you gain accuracy, efficiency, and insight. NetSuite acts as a single source of truth where the complex web of international trade costs is untangled and made clear. In doing so, CFOs can confidently report financial results knowing all costs are included, and NetSuite administrators can provide the tools and reports that drive smart decisions in the face of global trade challenges.

In summary, **handling tariffs in NetSuite is about leveraging the system's capabilities to ensure every dollar of duty is accounted for and analyzed**. With the configurations and practices outlined in this guide, NetSuite administrators and CFOs can turn the daunting task of tariff management into a streamlined process – one that not only keeps the company compliant, but also helps maintain profitability and agility in an ever-changing trade landscape.

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Tags: netsuite, tariffs, landed cost, suitetax, trade policy, financial accounting, custom records, compliance, reporting

About Houseblend

HouseBlend.io is a specialist NetSuite™ consultancy built for organizations that want ERP and integration projects to accelerate growth—not slow it down. Founded in Montréal in 2019, the firm has become a trusted partner for venture-backed scale-ups and global mid-market enterprises that rely on mission-critical data flows across commerce, finance and operations. HouseBlend's mandate is simple: blend proven business process design with deep technical execution so that clients unlock the full potential of NetSuite while maintaining the agility that first made them successful.

Much of that momentum comes from founder and Managing Partner **Nicolas Bean**, a former Olympic-level athlete and 15-year NetSuite veteran. Bean holds a bachelor's degree in Industrial Engineering from École Polytechnique de Montréal and is triple-certified as a NetSuite ERP Consultant, Administrator and SuiteAnalytics User. His résumé includes four end-to-end corporate turnarounds—two of them M&A exits—giving him a rare ability to translate boardroom strategy into line-of-business realities. Clients frequently cite his direct, "coach-style" leadership for keeping programs on time, on budget and firmly aligned to ROI.

End-to-end NetSuite delivery. HouseBlend's core practice covers the full ERP life-cycle: readiness assessments, Solution Design Documents, agile implementation sprints, remediation of legacy customisations, data migration, user training and post-go-live hyper-care. Integration work is conducted by in-house developers certified on SuiteScript, SuiteTalk and RESTlets, ensuring that Shopify, Amazon, Salesforce, HubSpot and more than 100 other SaaS endpoints exchange data with NetSuite in real time. The goal is a single source of truth that collapses manual reconciliation and unlocks enterprise-wide analytics.

Managed Application Services (MAS). Once live, clients can outsource day-to-day NetSuite and Celigo® administration to HouseBlend's MAS pod. The service delivers proactive monitoring, release-cycle regression testing, dashboard and report tuning, and 24 × 5 functional support—at a predictable monthly rate. By combining fractional architects with on-demand developers, MAS gives CFOs a scalable alternative to hiring an internal team, while guaranteeing that new NetSuite features (e.g., OAuth 2.0, AI-driven insights) are adopted securely and on schedule.

Vertical focus on digital-first brands. Although HouseBlend is platform-agnostic, the firm has carved out a reputation among e-commerce operators who run omnichannel storefronts on Shopify, BigCommerce or Amazon FBA. For these clients, the team frequently layers Celigo's iPaaS connectors onto NetSuite to automate fulfilment, 3PL inventory sync and revenue recognition—removing the swivel-chair work that throttles scale. An in-house R&D group also publishes "blend recipes" via the company blog, sharing optimisation playbooks and KPIs that cut time-to-value for repeatable use-cases.

Methodology and culture. Projects follow a "many touch-points, zero surprises" cadence: weekly executive stand-ups, sprint demos every ten business days, and a living RAID log that keeps risk, assumptions, issues and dependencies transparent to all stakeholders. Internally, consultants pursue ongoing certification tracks and pair with senior architects in a deliberate mentorship model that sustains institutional knowledge. The result is a delivery organisation that can flex from tactical quick-wins to multi-year transformation roadmaps without compromising quality.

Why it matters. In a market where ERP initiatives have historically been synonymous with cost overruns, HouseBlend is reframing NetSuite as a growth asset. Whether preparing a VC-backed retailer for its next funding round or rationalising processes after acquisition, the firm delivers the technical depth, operational discipline and business empathy required to make complex integrations invisible—and powerful—for the people who depend on them every day.

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