



Buy America and Trade Agreements Act Services

Are you complying with U.S. government domestic preference programs in a global economy?

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Government contracts can bolster revenue but have inherent risks that must be managed. The recent executive orders adjusting the requirements of certain government procurement programs make it even more critical to have a solid grasp of the regulations in play, and how strategic sourcing initiatives can impact eligibility to pursue government contracts.

Failure to remain compliant may directly impact business performance, reputation, and ultimately the ability to participate in the government contracting process.

KPMG LLP (“KPMG”) Government Contractor Services and Trade & Customs Practice (“Trade & Customs”) can help develop and maintain a compliance program that supports strategic market objectives by applying our deep regulatory knowledge, industry experience, and a tested methodology. Our approach helps businesses identify eligible sourcing options and minimizes unexpected and costly production changes. Teaming with us will provide you the confidence to bid knowing that you have an eligible sourcing process.

Bringing clarity to the details.

KPMG’s services are focused on supporting our clients in their compliance journey prior to and through the duration of their government contracts. Our diverse team brings over 100 years of industry, consulting, and government contracts experience to assist our clients in the interpretation and functional application of the evolving supply chain government requirements such as:

Buy American Act

Buy America

Trade Agreements Act

Leveraging this experience, we team with our clients to help them understand what’s required of them and how their role in the government supply chain impacts their qualification and certification approach. With the increased focus on protecting domestic supply chains through strict content requirements, we can help you map a process that meets business needs but keeps you eligible for these critical contracts.

This means looking holistically at the impact of increased tariffs, assessing optimal supply chains and determining how to manage costs without derailing government procurement opportunities.

Delivering advantages through a holistic compliance service model.

Maintaining a mature and flexible compliance program requires a connected approach. KPMG can help clients perform large scale, in-depth analysis of their supply chains, including bill of material analysis, to understand their current compliance with government procurement regulations, evaluate internal controls, and assess the impact future sourcing changes could have on their compliance program. Additionally, the following are some of the services KPMG provides to companies seeking government contracts:

- Assessment of regulatory requirements through Government solicitation or contract review
- Determination of applicable requirements based on supply chain tier and end items being procured
- Substantial transformation test analysis

¹E.O. 13881 proposing an increase to the domestic content requirements and price preference for domestic products under the Buy American Act, as published in Federal Register Vol. 85 No. 178.

²Executive order on ensuring essential medicines, medical countermeasures, and critical inputs are made in the United States.

- Solicitation of component and sub-component country of origin documentation from suppliers
- Analyzing allocation of costs and relationship to content analysis requirements
- Bill of material normalization for efficient domestic content analysis
- Country of origin certification annual solicitation request and review
- Continued pre-award and post-award compliance assessments
- Internal and supplier training
- Compliance program maturity assessments

Strategic sourcing evaluation and modeling



A track record of success.

Buy America Act Case Study

Client Challenge: Our foreign client wanted to expand its customer portfolio by selling buses to a public-school system that uses Federal Transit Administration (FTA) funds.

KPMG Role: In preparation to bid for the opportunity, the client engaged KPMG to:

- Gain an understanding of the domestic content requirements of the Buy America Act.
- Discuss various sourcing alternatives and transfer pricing scenarios.
- Analyze domestic content of end item and components.
- Bring clarity to regulated terminology, such as “manufacturing,” while providing recommendations based on historical legal cases and industry experience.
- Provide insights on types and timeframe of required audits, documentation needed to support compliance, and recommendations for a continuous monitoring program.

Outcome: Client gained valuable insight of the Buy America Act compliance process. KPMG also assisted the client in assessing the domestic content of various alternatives and transformation of sub-components to components to end product. In the end, the client was able to make an informed decision to pursue the government contract and make Buy America Act representations accordingly.

Trade Agreements Act Case Study

Client Challenge: US Manufacturer received a \$5m penalty for compliance issues associated with their country of origin determinations under the Trade Agreement Act (“TAA”), exposing significant gaps to their TAA compliance program.

KPMG Role: KPMG developed and implemented a comprehensive TAA program to address compliance gaps, introduce automation, and facilitate a more effective product review/escalation process.

- Reviewed thousands of products to confirm or update country of origin, as it applied to TAA eligibility.
- Analyzed current U.S. Customs and Border Protection rulings for application and to support country of origin determinations.
- Conducted internal training for personnel, both at Headquarters and the local manufacturing sites.
- Customized a module in SAP to facilitate automation in support of the TAA program.
- Introduced compliance enhancements, including TAA certifications, escalations and review process.

Outcome: Client was able to mitigate risk associated with its TAA program, both through confirmation of country of origin determinations on current products, but also through critical enhancements of its overall TAA compliance program. In the end, KPMG was able to hand-off to the client to manage the process internally, with escalations to KPMG needed on an ad hoc basis.

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