https://www.epa.gov/climate-hfcs-reduction

FACT SHEET Overview of Requirements for Importers of Hydrofluorocarbons (HFCs)

What Are the AIM Act and the HFC Phasedown?

The American Innovation and Manufacturing (AIM) Act was enacted on December 27, 2020. The AIM Act provides authority for the U.S. Environmental Protection Agency (EPA) to address hydrofluorocarbons (HFCs). Specifically, the AIM Act directs EPA to phase down production and consumption¹ of HFCs to 15% of their historical baseline levels in a stepwise manner by 2036 through an allowance allocation program.

When Will EPA Require Allowances for Imports?

• Allowances have been required for imports of HFCs since January 1, 2022

Which Imports Require Allowances?

• Imports of bulk HFCs regardless of size

How Do Allowances Work?

An allowance represents the privilege granted to a company to produce or import HFCs in a specific individual year. Producing HFCs requires expending both "production allowances" and "consumption allowances." Importing bulk HFCs requires expending consumption allowances. The AIM Act directs EPA to issue allowances by October 1 for use in the following year and they are only valid between January 1 and December 31 of a specific year. Allowances may not be banked or carried over to another year. Allowance holders may transfer their allowances to other entities seeking to produce and/or import HFCs.

A third category of allowances called "application-specific allowances" may be used to either produce or import HFCs for use in the six applications listed in the AIM Act. Application-specific allowances may be conferred as needed to effectuate the production or import of HFCs. More detail is provided in a separate fact sheet on application-specific allowances.

What Types of Imports Require Allowances?

Imports of *bulk* HFCs and HFC blends of *any quantity* require allowances, subject to the exceptions listed below. Imports requiring allowances include:

- HFCs of any amount that are in a container for the transportation or storage of that substance such as cylinders, drums, ISO tanks, and small cans
- HFCs that must first be transferred from a container to another container, vessel, or piece of equipment in order to realize its intended use
- Used, reclaimed and/or recycled HFCs that are not being imported for destruction
- Imports classified as U.S. goods returned or heels

¹ Consumption is the amount of HFCs newly added to the U.S. market through production and import, minus exports and destruction.

The following do <u>not</u> require expenditure of allowances to be imported:

- HFCs contained in a manufactured product or system such as an appliance, aerosol can, or foam²
- Virgin HFCs intended to be transformed or destroyed (EPA non-objection notice required)
- Used HFCs intended to be destroyed (EPA non-objection notice required)
- HFCs that are being transhipped (i.e., do not enter into U.S. commerce and are exported within six months of import) (prior notification to EPA is required)

What Are Other Limitations on Imports of HFCs?

- Companies intending to import virgin (newly produced) HFCs for transformation or destruction, or used HFCs for destruction, must petition EPA at least 30 days before the shipment is to arrive at a U.S. port and receive a non-objection notice prior to importing the material
- Companies intending to import used HFCs for destruction must petition EPA at least 30 working days before the shipment is to leave the foreign port of export and receive a nonobjection notice prior to importing the material
- HFCs imported for transformation or destruction must be contained in cylinders designed to hold more than 100 pounds
- Companies transhipping HFCs must notify EPA at least 30 working days before the shipment is to leave the foreign port of export and within 10 working days after it leaves the United States

Reporting and Recordkeeping Requirements

Importers of HFCs are subject to the following reporting and recordkeeping requirements:

- Importer of Record Form: Previously voluntary, importers must now submit an importer of record form to EPA every year an entity anticipates being the importer of record by November 15 of the prior calendar year or within 15 calendar days for anyone receiving a non-objection notice for a conferral or inter-company transfer.
- Required Quarterly Reporting: The importer of record or their authorized agent must submit relevant quarterly reports to EPA within 45 days after the end of the control period
- Import Notification: The importer of record or their authorized agent must submit advance notification for imports of bulk HFCs 10 days prior for sea arrivals and 5 days prior for truck, rail, air, and other non-sea arrivals to the date of import provided via a Customs and Border Protection (CBP)-authorized electronic data interchange system, such as the Automated Broker Interface
- Annual Third-party Auditing: Arrange for annual third-party auditing of specified reports submitted to EPA starting with calendar year 2023 reporting and recordkeeping
- Recordkeeping: Maintenance of records for five years

² EPA regulations finalized in October 2023 restrict the import, manufacture and installation of certain products and systems that contain HFCs starting January 1, 2025 (see the <u>Technology Transitions Program</u> for more details).

For more information regarding updated reporting and recordkeeping requirements, please visit <u>https://www.epa.gov/climate-hfcs-reduction/reporting-and-recordkeeping-resources</u>.

Harmonized Tariff Codes

The United States International Trade Commission (USITC) maintains and publishes the Harmonized Tariff Schedule (HTS) codes for the United States. New HTS codes for individual HFCs and common HFC blends took effect in January 2022 with minor additions in April 2022. EPA requires that importers use the correct updated HTS code when reporting bulk HFC imports of any amount, including residual "heels." The current list of HTS codes is available at <u>https://hts.usitc.gov</u>.

HTS Code	HTS Code Description	Regulated Substance	
Chapter 29 – Individual HFCs			
2903.41.1000	Trifluoromethane (HFC-23)	HFC-23	
2903.42.1000	Difluoromethane (HFC-32)	HFC-32	
2903.43.1000	Fluoromethane (HFC-41), 1,2-difluoroethane (HFC-152) and 1,1-difluoroethane (HFC-152a)	HFC-41	
		HFC-152	
		HFC-152a	
2903.44.1010	Pentafluoroethane (HFC-125)	HFC-125	
2903.44.1020	1,1,1-Trifluoroethane (HFC-143a)	HFC-143a	
2903.44.1030	1,1,2-Trifluoroethane (HFC-143)	HFC-143	
2903.45.1000	1,1,1,2-Tetrafluoroethane (HFC-134a) and 1,1,2,2-tetrafluoroethane (HFC-134)	HFC-134a	
		HFC-134	
2903.46.1000	1,1,1,2,3,3,3-Heptafluoropropane (HFC-227ea), 1,1,1,2,2,3-hexafluoropropane (HFC-236cb), 1,1,1,2,3,3-hexafluoropropane (HFC-236ea) and 1,1,1,3,3,3-hexafluoropropane (HFC-236fa)	HFC-227ea	
		HFC-236cb	
		HFC-236ea	
		HFC-236fa	
2903.47.1000	1,1,1,3,3-Pentafluoropropane (HFC-245fa) and 1,1,2,2,3-pentafluoropropane (HFC-245ca)	HFC-245fa	
		HFC-245ca	
2903.48.0000	1,1,1,3,3-Pentafluorobutane (HFC-365mfc) and 1,1,1,2,2,3,4,5,5,5-decafluoropentane (HFC-4310mee)	HFC-365mfc	
		HFC-4310mee	

Table 1: HTS Codes for Regulated HFCs

HTS Code	HTS Code Description	Examples of Common HFC Blends	
Chapter 38 – HFC Blends			
Mixtures containing halogenated derivatives of methane, ethane or propane not elsewhere specified or included:			
3827.51.0000	Containing trifluoromethane (HFC-23) or perfluorocarbons (PFCs) but not containing chlorofluorocarbons (CFCs) or hydrochlorofluorocarbons (HCFCs):	R-508A	
Containing other hydrofluorocarbons (HFCs) but not containing chlorofluorocarbons (CFCs) or hydrochlorofluorocarbons (HCFCs):			
3827.61.0000	Containing 15 percent or more by mass of 1,1,1-trifluoroethane (HFC-143a)	R-404A	
		R-507A	
	Other, not included in the subheading above, containing 55 percent or more by mass of pentafluoroethane (HFC- 125) but not containing unsaturated fluorinated derivatives of acyclic hydrocarbons (HFOs)	R-421A	
3827.62.0000		R-422D	
3827.63.0000	Other, not included in the subheadings above, containing 40 percent or more by mass of pentafluoroethane (HFC-125)	R-407A	
		R-410A	
		R-452A	
3827.64.0000	Other, not included in the subheadings above, containing 30 percent or more by mass of 1,1,1,2-tetrafluoroethane (HFC-134a) but not containing unsaturated fluorinated derivatives of acyclic hydrocarbons (HFOs)	R-407C	
3827.65.0000	Other, not included in the subheadings above, containing 20 percent or more by mass of difluoromethane (HFC-32) and 20 percent or more by mass of pentafluoroethane (HFC-125)	R-448A	
		R-449A	
3827.68.0000	Other, not included in the subheadings above, containing substances of subheadings 2903.41 to 2903.48	R-450A	
		R-452B	
		R-454B	
		R-513A	



Additional Resources

Regulatory Actions for Allowance Allocation and Reporting: <u>https://www.epa.gov/climate-hfcs-reduction/regulatory-actions-allowance-allocation-and-reporting</u>

HFC Recordkeeping and Reporting: <u>https://www.epa.gov/climate-hfcs-</u>reduction/reporting-and-recordkeeping-resources

Frequent Questions on the Phasedown of Hydrofluorocarbons: <u>https://www.epa.gov/climate-hfcs-reduction/frequent-questions-phasedown-hydrofluorocarbons</u>

Tips on filing HFC imports with CBP via ACE: <u>https://www.cbp.gov/document/fact-sheets/ace-tips-filing-epa-hfcs</u>

Contact EPA: <u>HFCAllocation@epa.gov</u>