

## FACT SHEET

# Overview of Requirements for Importers of Hydrofluorocarbons (HFCs)

### What is the AIM Act and the HFC Phasedown?

The American Innovation and Manufacturing (AIM) Act was enacted by Congress on December 27, 2020. The AIM Act provides new authority for the U.S. Environmental Protection Agency (EPA) to address hydrofluorocarbons (HFCs). Specifically, the AIM Act directs EPA to phase down production and consumption<sup>1</sup> of HFCs to 15% of their baseline levels in a stepwise manner by 2036 through an allowance allocation and trading program.

#### When Will EPA Require Allowances for Imports?

- Allowances will be required for all imports of HFCs beginning 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 given year. Producing HFCs requires expending both “production allowances” and “consumption allowances.” Importing bulk HFCs requires expending consumption allowances. EPA intends to issue allowances by October 1 for use in the following year and they are valid between January 1 and December 31 of a given 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 the HFC. More detail is provided in a separate fact sheet on application-specific allowances.

Purchasing or otherwise receiving bulk HFCs from a domestic supplier, e.g., a chemical producer or importer that has expended their own production and/or consumption allowances, does not require an allowance.

### 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

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

- 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**

The following do not require expenditure of allowances to be imported:

- HFCs **contained in a manufactured product** such as an appliance, aerosol can, or foam
- Virgin HFCs intended to be **transformed** or **destroyed**
- Used HFCs intended to be **destroyed**
- HFCs that are being **transhipped** (i.e., do not enter into U.S. commerce and are exported within six months of import)

### What are Other Limitations on Imports of HFCs?

- Companies intending to import virgin HFCs for transformation or destruction and used HFCs for destruction must **petition EPA and receive a non-objection 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 transshipping HFCs must **notify EPA** when a transshipment arrives and leaves the United States
- Beginning in 2025, HFCs may be imported only in **refillable cylinders** and the cylinder must have a trackable **certification identification code**

### Reporting and Recordkeeping Requirements

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

- **Quarterly Reporting:** Submission of report to EPA within 45 days after the end of each quarter detailing import activity during the quarter
- **Antidumping and Countervailing Duties (AD/CVD) Documentation:** Submission of documentation to EPA of payment of AD/CVD duties for HFCs imported from January 1, 2017 through May 19, 2021, or evidence that those imports were not subject to AD/CVD
- **Import Notification:** Notification of imported shipments 14 days prior 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
- **Recordkeeping:** Maintenance of records for five years
- **Certification Identification System Registration:** Registration with the certification identification system used to track containers of bulk HFC by September 2, 2024

- **Certification Identification System Reporting:** Data entry into the certification identification system used to track containers of bulk HFC beginning on January 1, 2025

## 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. EPA requires that importers use the correct updated HTS code when reporting bulk HFC imports. The current list of HTS codes is available at <https://hts.usitc.gov/current>.

**Table 1: HTS Codes for Regulated HFCs**

| HTS Code                            | HTS Code Description   | Regulated Substance |
|-------------------------------------|--|---------------------|
| <b>Chapter 29 – Individual HFCs</b> |  |                     |
| 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 2: HTS Codes for Common HFC Blends**

| HTS Code  | HTS Code Description  | Examples of Common HFC Blends        |
|---|---|--------------------------------------|
| <b>Chapter 38 – HFC Blends</b>  |   |                                      |
| 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<br>R-507A                     |
| 3827.62.0000  | 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<br>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<br>R-410A<br>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<br>R-449A                     |
| 3827.68.0000  | Other, not included in the subheadings above, containing substances of subheadings 2903.41 to 2903.48   | R-450A<br>R-452B<br>R-454B<br>R-513A |

## Additional Resources



Final Rule - Phasedown of Hydrofluorocarbons: Establishing the Allowance Allocation and Trading Program under the AIM Act: <https://www.epa.gov/climate-hfcs-reduction/final-rule-phasedown-hydrofluorocarbons-establishing-allowance-allocation>

HFC Recordkeeping and Reporting: <https://www.epa.gov/climate-hfcs-reduction/hfc-allocation-rule-reporting-and-recordkeeping>

Protecting Our Climate by Reducing Use of HFCs: <https://www.epa.gov/climate-hfcs-reduction>

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