

# elliott davis

## webinar to begin shortly

# Manufacturing & Distribution Symposium



December 11, 2025



1:00 – 4:00 ET

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## welcome

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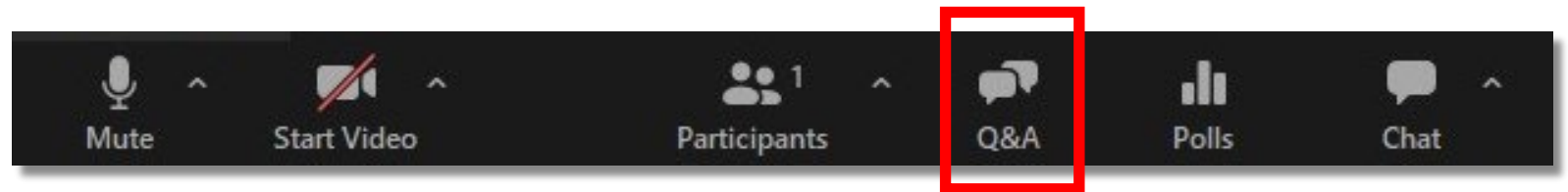
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# questions:

Submit questions via the Q&A box  
Questions will be addressed at the end, or via email



# cpe requirements:



Stay on for the  
duration of the  
webinar



Respond to all 4 polling  
questions

*For technical difficulties with  
polling, please notify us via the  
Q&A box in Zoom*



Complete and submit  
the survey following  
the webinar



## replay link:



A replay link will be emailed to you in the coming weeks  
A copy of the slides presented today will also be made available at that time

## feedback welcomed:



We welcome and appreciate your feedback  
Goal of always getting better

## upcoming events & insights:



Please visit [elliottdavis.com/insights](https://elliottdavis.com/insights) to view upcoming webinars, events, and additional insights

# manufacturing & distribution symposium: Your Hosts



**Richard Battle**

Shareholder  
Manufacturing & Distribution  
Industry Leader  
Elliott Davis Advisory, LLC  
[richard.battle@elliottdavis.com](mailto:richard.battle@elliottdavis.com)



**Jennifer Goodman**

Managing Director  
Assurance  
Elliott Davis Advisory, LLC  
Elliott Davis, LLC  
[jennifer.goodman@elliottdavis.com](mailto:jennifer.goodman@elliottdavis.com)



**Dan Bailey**

Shareholder  
Assurance  
Elliott Davis Advisory, LLC  
Elliott Davis, LLC  
[dan.bailey@elliottdavis.com](mailto:dan.bailey@elliottdavis.com)

# 2025 year in review

**Q1**

Global trade grows 1.5% QoQ, despite geopolitical tensions

**Jul**

OBBBA signed into law, making tax incentives permanent

**Q3**

Publicly claimed ransomware attacks on manufacturing rose 26% QoQ

**Jan**

OBBBA provisions take effect, restoring 100% bonus depreciation

**Apr**

U.S. Tariffs rise sharply, including a 10% baseline tariff on imports

**Q2**

Manufacturers begin reshoring projects leveraging OBBBA incentives

**Late-25**

Industry reports surge in capital investment and M&A activity



# polling question # 1



## agenda:

- 1 Creating a Partnership: Bridging Finance & Operations
- 2 Technology Trends: AI in Manufacturing
- 3 Supply Chain Strategies & The Global Trade Landscape
- 4 Regulatory Compliance: Strategies, Planning & Priority Areas



# section 1:

## Creating a Partnership: Bridging Finance and Operations



**Robert Stallard**

Senior Manager  
Transactions, Strategy, & Operations  
Elliott Davis Advisory, LLC

[robert.stallard@elliottdavis.com](mailto:robert.stallard@elliottdavis.com)



**Austin Flynn**

Director  
Transactions, Strategy, & Operations  
Elliott Davis Advisory, LLC

[austin.flynn@elliottdavis.com](mailto:austin.flynn@elliottdavis.com)



**Zac Zasloff**

President  
PEAK Event Services

[zzasloff@peakeventsolutions.com](mailto:zzasloff@peakeventsolutions.com)



polling question # 2



# polling question # 3

## section 2:

# Technology Trends: Artificial Intelligence in Manufacturing



**Denise Bailey**

Shareholder  
Digital Consulting Practice Leader  
Elliott Davis Advisory, LLC  
Elliott Davis, LLC

[denise.bailey@elliottdavis.com](mailto:denise.bailey@elliottdavis.com)



**Nathan Walker**

Senior Manager  
Business Systems Consulting  
Elliott Davis Advisory, LLC

[nathan.walker@elliottdavis.com](mailto:nathan.walker@elliottdavis.com)

# ai in manufacturing: why this matters



## Understand the Landscape

Why AI matters now for M&D  
Key trends shaping technology adoption



## Balance Opportunity and Risk

Benefits of AI for efficiency and growth  
Risks around cybersecurity, data, and governance



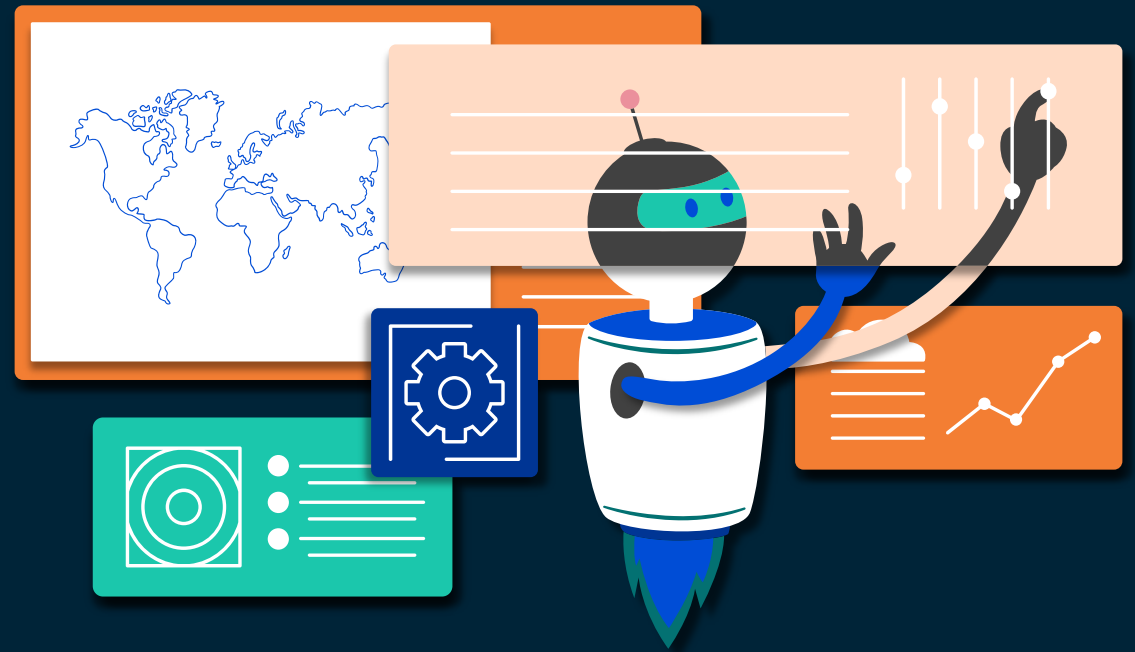
## Practical Steps for Adoption

How to start small and scale responsibly  
Questions to ask before implementing AI



## Forward-Thinking Mindset

Preparing for rapid tech evolution  
Building cross-functional awareness and accountability



A worker in a white hard hat and a high-visibility yellow safety vest is holding a laptop. The laptop screen displays a bar chart with several vertical bars of varying heights. The worker is looking at the laptop. The background is a blurred industrial setting, likely a factory or manufacturing plant, with various structures and equipment visible. The entire image has a dark blue overlay.

# ai in manufacturing: taking a deeper dive



polling question # 4



# polling question # 5



# ai in manufacturing: your next steps

## Assess & Prioritize

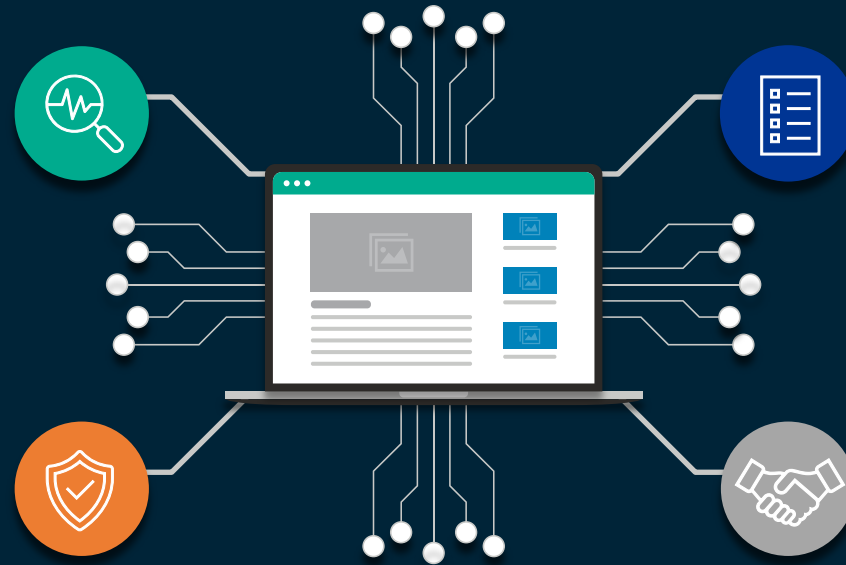
Map technology use across business units

Identify areas for efficiency gains and revisit for ongoing optimization

## Educate & Secure

Train employees on AI risks and responsible use

Strengthen cybersecurity posture against AI-driven threats



## Develop an AI Policy

Engage legal counsel before implementation

Define acceptable use and risk management guidelines

## Reach Out For Support

You are not alone in this journey!

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quick break – will return at 2:40pm (ET)

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## welcome back

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## section 3:

# Supply Chain Strategies and the Global Trade Landscape



**Eric Hargraves**

Senior Manager  
Transactions, Strategy, & Operations  
Elliott Davis Advisory, LLC

[eric.hargraves@elliottdavis.com](mailto:eric.hargraves@elliottdavis.com)



**Casey Armstrong**

Chief Marketing Officer  
ShipBob, Inc.

[carmstrong@shipbob.com](mailto:carmstrong@shipbob.com)



# polling question # 6

# congress has delegated power to the president to impose additional tariffs under several statutes, including...



01

## Section 232 of the Trade Expansion Act of 1962

grants the president authority to impose tariffs if the Department of Commerce determines that **specific imports threaten U.S. national security**.

02

## Section 301 of the Trade Act of 1974

allows the president to impose tariffs or other trade restrictions to address foreign policies or practices deemed **unfair, discriminatory, or harmful to U.S. commerce**.

03

## International Emergency Economic Powers Act (IEEPA)

grants the president authority to regulate commerce, including imposing tariffs, during a declared **national emergency linked to foreign threats**.

04

## Section 122 of the Trade Act of 1974

authorizes the president to impose tariffs up to 15% for a maximum of 150 days if necessary to address a balance-of-payments emergency.

05

## Section 338 of the Tariff Act of 1930

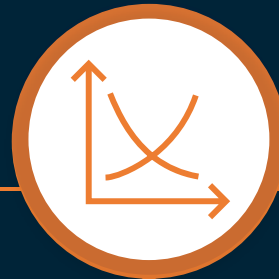
gives the president authority to impose additional tariffs, up to 50%, on imports from **countries engaging in discriminatory practices against U.S. commerce**.

modern supply chains were built on 3 assumptions that are no longer stable.....

Rational  
Government  
Policy



Low Variability in  
Supply and  
Demand

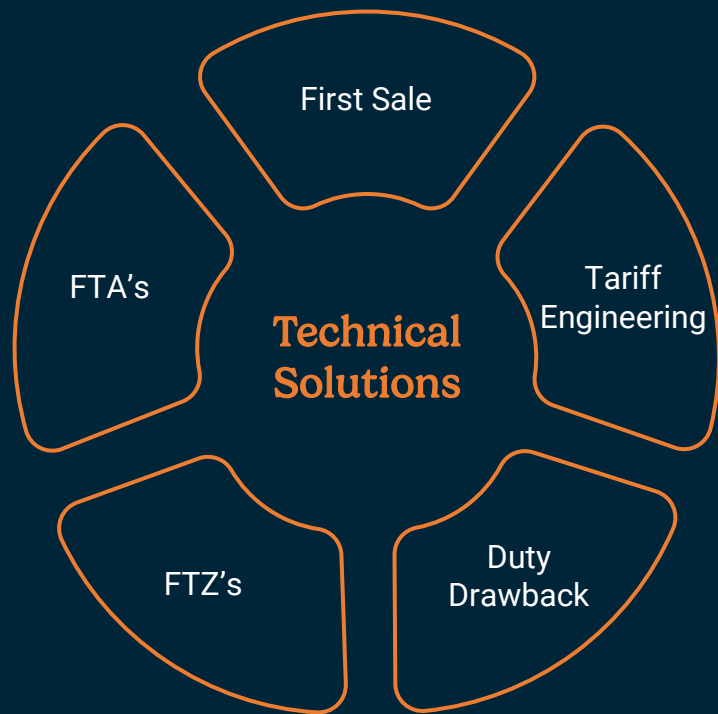


Ease in Flow of  
Goods and  
Transportation



Protectionist Trade Policy and a high Coefficient of Variability are fast-tracking the regionalization or in some cases localization of trade.

# how can organizations build resilient supply chains in the face of tariff escalation and uncertainty in trade policy?



related to trade compliance

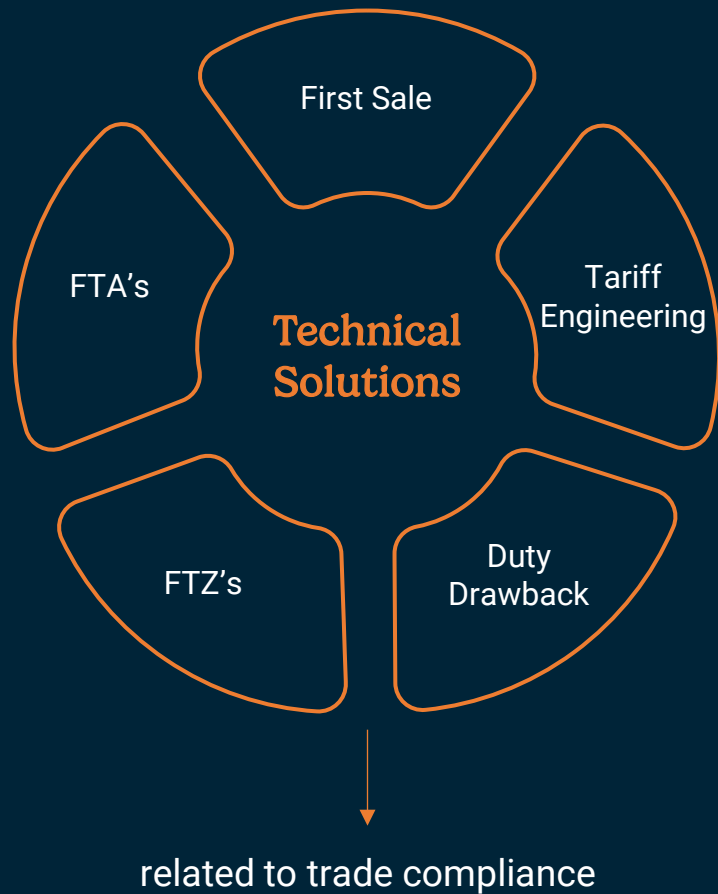
Opportunities to mitigate the costs/risk of tariffs and geopolitical pressures on supply chains are both **Technical** and **Operational** in nature:



related to supply chain network optimization and strategic scenario planning



# supply chain strategies: technical solutions



## **First Sale for Export:**

Allows importers to use the price from the initial sale for customs purposes, potentially resulting in lower duties.



## **Tariff Engineering:**

Legal strategy used by importers to design or modify products in a way that allows them to qualify for lower tariff rates or duty exemptions when entering the U.S. market.



## **Duty Drawback:**

A refund mechanism that allows businesses to recover customs duties, taxes, or fees paid on imported goods when those goods are subsequently exported.



## **FTZ's:**

Foreign Trade Zones are designated warehouses within the U.S. where goods can be stored without entry into U.S. Customs Territory, nor incurring duty, until they are withdrawn for consumption or manufacturing.



## **FTA's:**

Free Trade Agreements are between two or more countries that aim to facilitate trade by reducing or eliminating tariffs, duties, and other trade barriers on goods and services.

# utilizing FTZ's to mitigate tariffs has many benefits

## 01. Inverted Tariffs

When component tariffs exceed those on finished goods, FTZs let manufacturers transform products in-zone to apply the lower finished goods duty rate.

## 02. Duty Avoidance Exports

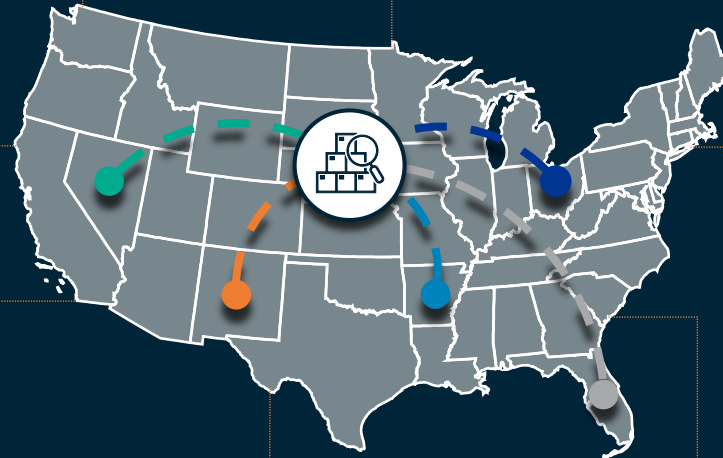
Imported goods remain duty-free in the zone until withdrawn. If exported, they technically never enter U.S. commerce and are exempt from U.S. duties.

## 07. MPF Consolidation

Consolidate Merchandise Processing Fees into one weekly entry summary when filing zone withdrawals and entry summaries with CBP, vs. paying per shipment upon arrival.

## 06. Duty-Free Transfers

When selling goods to a customer located in another FTZ, goods can be transferred to their location without incurring duties



## 03. Duty Elimination Waste

Duties are deferred during manufacturing in the zone and apply only when finished goods are withdrawn for commerce; scrap and waste are duty-exempt

## 04. Duty Avoidance Damages

No duties apply to rejected, defective, or damaged goods while repaired, stored, or tested in the zone. Merchandise may be transformed, repacked, or relabeled without incurring duties.

## 05. Duty Deferrals

Goods may be stored duty-free in the zone until withdrawn for commerce. Upon filing weekly consumption entries, duties are paid, enabling deferral on imports from offshore suppliers.

# supply chain strategies: operational trends



## X-Shoring

Strategic relocation of production or sourcing activities to regions or countries that minimize exposure to escalating tariffs, trade restrictions, or unfavorable trade policies.



## Inventory Optimization

A deliberate surplus of inventory maintained to absorb supply chain shocks, such as delays, increased costs due to tariffs, or restricted imports.



## Sales & Operations Planning

Integrated business process aligns an organization's supply chain, production, sales, and financial goals to ensure operational efficiency and responsiveness to market changes.



## Dynamic Optionality

Maintaining flexibility in supply chain operations by having multiple options available at various stages of production & logistics.



## Logistics Optimization

Route & Mode Diversification  
Inventory Positioning  
Supply Chain Visibility & Flexibility



related to supply chain network optimization  
and strategic scenario planning



# polling question # 7

## section 4:

# Regulatory Compliance: Strategies, Planning and Priority Areas



**Bergin Fisniku**

Principal  
National Tax Practice Leader  
Elliott Davis Advisory, LLC  
[bergin.fisniku@elliottdavis.com](mailto:bergin.fisniku@elliottdavis.com)



**Will Clarke**

Principal  
State & Local Tax Practice Leader  
Elliott Davis Advisory, LLC  
[will.clarke@elliottdavis.com](mailto:will.clarke@elliottdavis.com)



# taxing times: From Big Bills to Big Bots

# key tax items included in OBBBA

## Bonus Depreciation

Permanently reinstates 100% bonus depreciation for property acquired and placed in service on or after January 19, 2025.

## Section 179

Expands Section 179 expensing to a \$2.5M annual limit, with phase-out starting at \$4M in assets placed in service. Effective all tax years after 2024.

## QSBS

Expands Qualified Small Business Stock gain exclusion through a tiered system. Per-issuer dollar cap raised to \$15M and corporate-level aggregate-asset ceiling increased to \$75M for post-enactment shares.

## Qualified Production Property

Creates a 100% depreciation allowance for U.S. nonresidential real property used in qualified production, constructed between January 20, 2025 and December 31, 2028.

## R&D

Makes immediate expensing of domestic R&D costs permanent starting in 2025. Allows small businesses to apply retroactively to 2022 and permits all taxpayers to accelerate prior deductions over 1-2 years.

## Section 163(j)

Section 163(j) permanently reinstates EBITDA-based ATI for the 30% interest deduction limit starting in 2025, applies an ordering rule prioritizing 163(j) before interest capitalization, and excludes Subpart F and GILTI.

# bonus vs. sec. 179, sec. 163(j), r&d



consideration 1  
Bonus Depreciation vs. Section 179

consideration 2  
Bonus / 179 and 163(j)

consideration 3  
R&D Expensing and 163(j)



# tax implications of the AI revolution



## **Tax code encourages automation, but...**

Short-term gains vs. long-term impacts



## **Hidden valuation multiplier →**

Temporary enterprise value boost



## **State and local tax (SALT) impact**

Payroll vs. property tax  
Non-conformity with federal  
Nexus



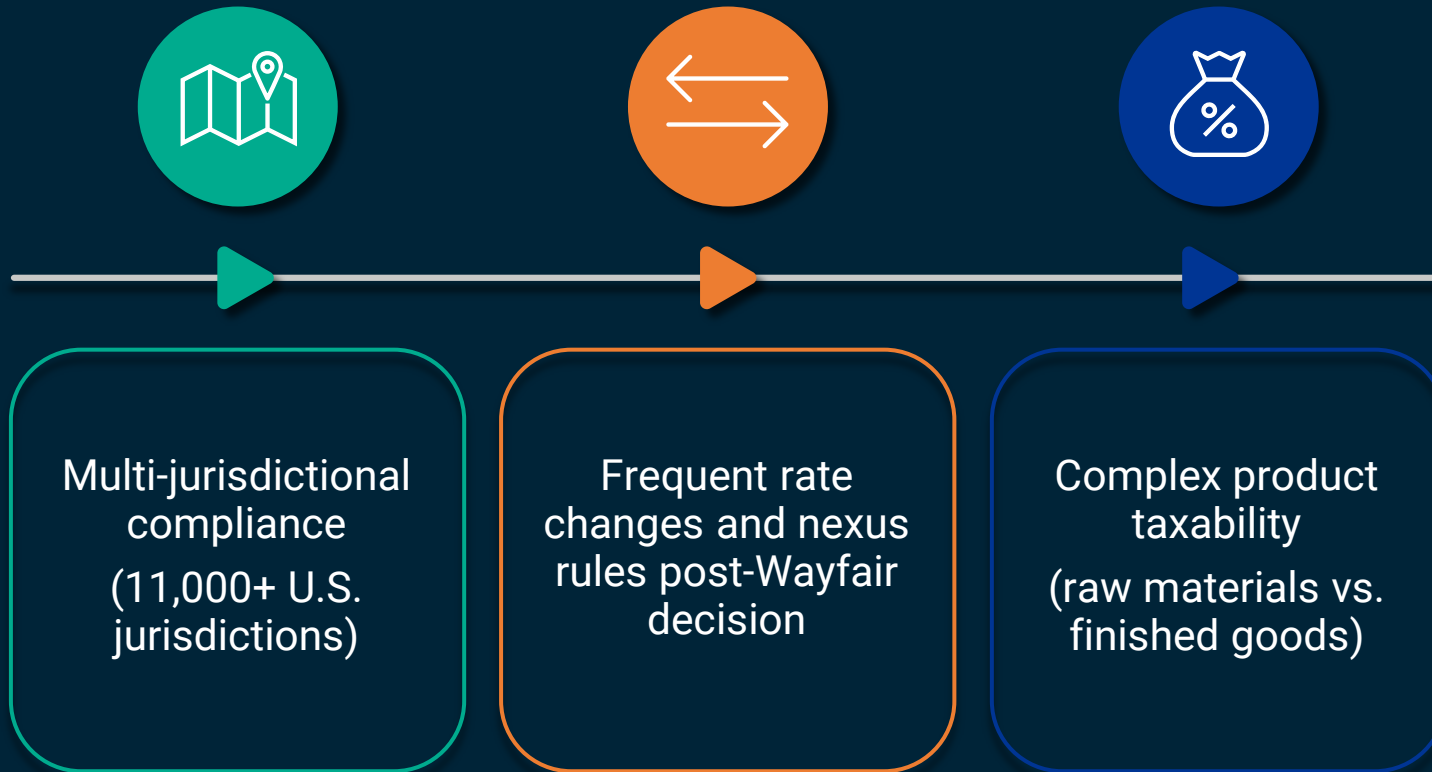
A construction worker wearing a white hard hat and a high-visibility yellow safety vest with reflective stripes is looking at a laptop. The background is a blurred construction site with scaffolding and building structures. The entire image has a dark blue overlay.

# relieving the sales and use tax headache: Outsourcing, Automation & Exemption Management



# polling question # 8

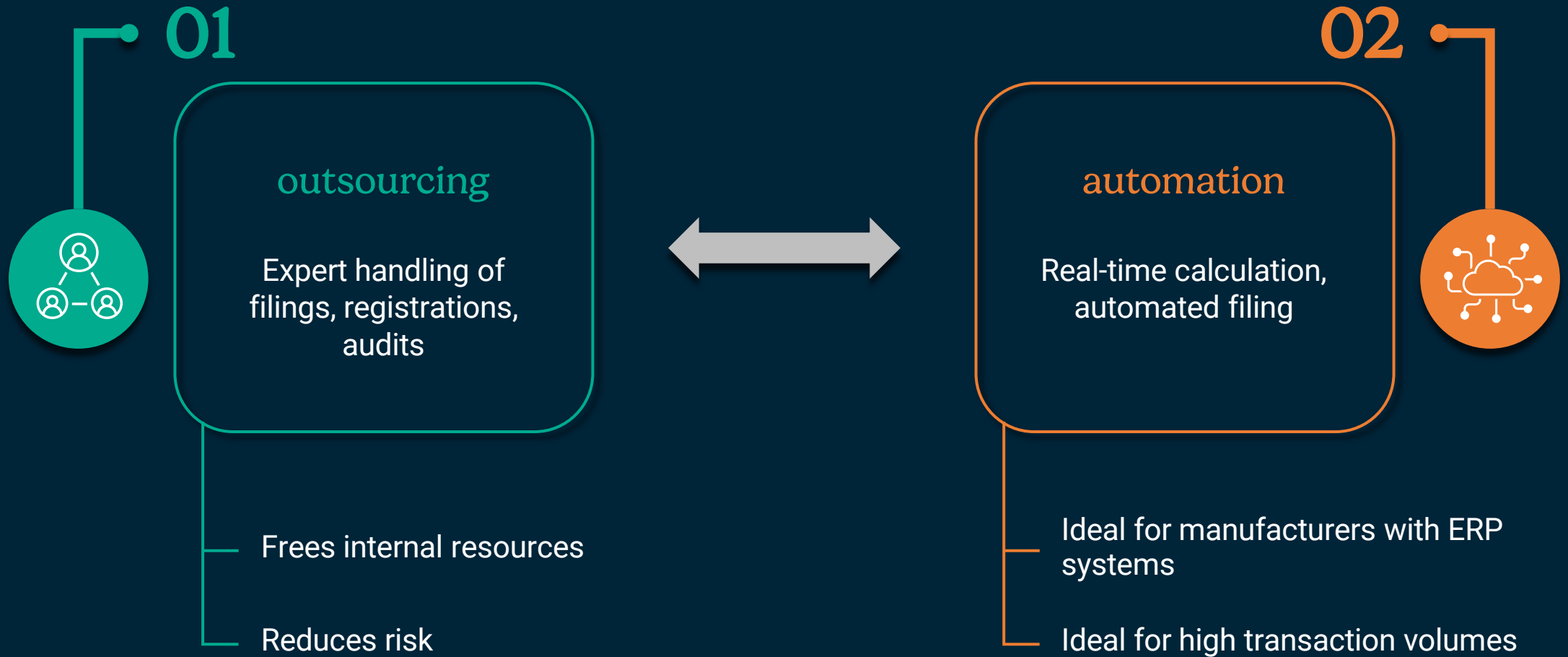
# why sales and use tax is a headache



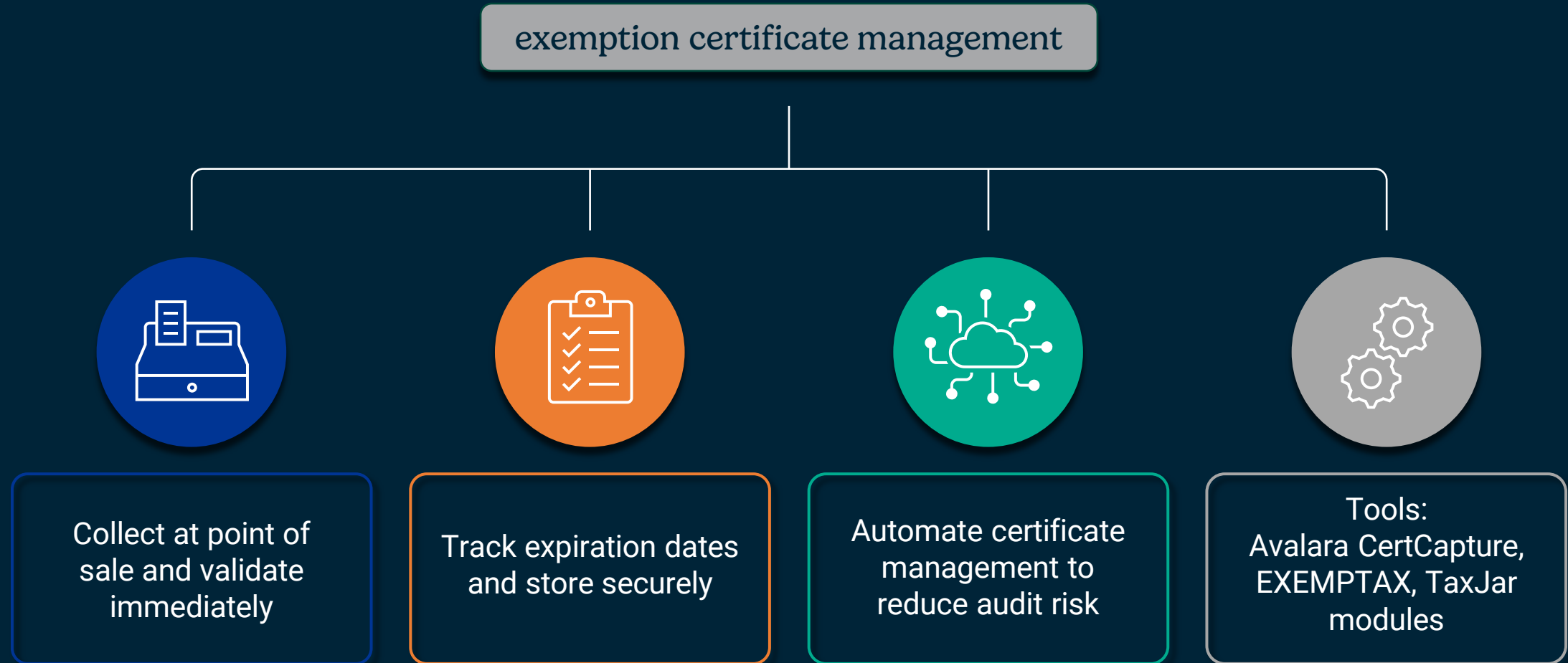
**IMPACT** = Increased audit risk, resource drain, and penalties



# options for relief: outsourcing vs. automation



# exemption certificate management



# software solutions for manufacturers



**Avalara**

**Avalara**

Automated tax calculation, filing, and certificate management

**VERTEX**

**Vertex**

Enterprise-grade automation and real-time tax determination

**TaxJar**  
a stripe company

**TaxJar**

AutoFile and nexus tracking for mid-sized businesses

**Others:**

**TaxCloud**

**Anrok**

**Wolters Kluwer CCH  
SureTax**

# key takeaways



Outsourcing and automation reduces risk and frees resources



Exemption certificate management is critical for audit defense



Choose software that integrates with ERP and scales with your business



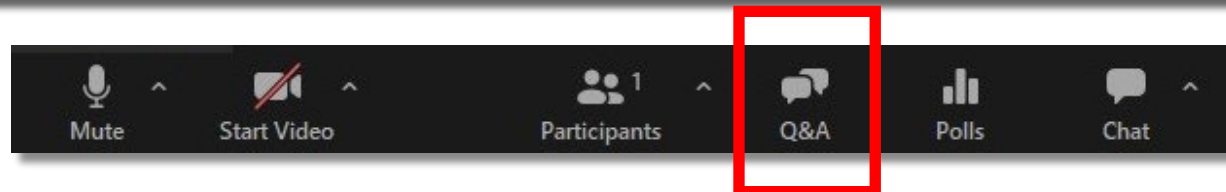




# polling question # 9

# q&a

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# additional questions? contact us:



**Richard Battle**   
Shareholder  
M&D Industry Leader  
[richard.battle@elliottdavis.com](mailto:richard.battle@elliottdavis.com)



**Jennifer Goodman**   
Managing Director  
Assurance  
[jennifer.goodman@elliottdavis.com](mailto:jennifer.goodman@elliottdavis.com)



**Dan Bailey**   
Shareholder  
Assurance  
[dan.bailey@elliottdavis.com](mailto:dan.bailey@elliottdavis.com)



**Robert Stallard**   
Senior Manager  
Transactions, Strategy, & Operations  
[robert.stallard@elliottdavis.com](mailto:robert.stallard@elliottdavis.com)



**Austin Flynn**   
Director  
Transactions, Strategy, & Operations  
[austin.flynn@elliottdavis.com](mailto:austin.flynn@elliottdavis.com)




**Denise Bailey**   
Shareholder  
Digital Consulting Practice Leader  
[denise.bailey@elliottdavis.com](mailto:denise.bailey@elliottdavis.com)



**Nathan Walker**   
Senior Manager  
Business Systems Consulting  
[nathan.walker@elliottdavis.com](mailto:nathan.walker@elliottdavis.com)



**Eric Hargraves**   
Senior Manager  
Transactions, Strategy & Operations  
[eric.hargraves@elliottdavis.com](mailto:eric.hargraves@elliottdavis.com)



**Bergin Fisniku**   
Principal  
National Tax Practice Leader  
[bergin.fisniku@elliottdavis.com](mailto:bergin.fisniku@elliottdavis.com)



**Will Clarke**   
Principal  
State & Local Tax Leader  
[will.clarke@elliottdavis.com](mailto:will.clarke@elliottdavis.com)



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## thank you

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