

## Tariff Windfall Boosts U.S. Revenue as Customs Duties Top \$100 Billion

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— Categories: Economics



U.S. customs duty revenue has surged past \$100 billion for the first time in a fiscal year, a sharp departure driven by recently expanded tariffs. The increase has yielded unexpected budget surpluses and established tariffs as a significant source of federal income.

Customs collections in June alone reached \$27.2 billion gross (netting \$26.6 billion after refunds), helping the Treasury achieve a \$27 billion monthly surplus, reversing a \$71 billion deficit from June 2024. Year-to-date totals are even more striking, with gross collections of \$113.3 billion and net proceeds of \$108 billion, nearly double last year's levels. As a result, tariffs are now the fourth-largest revenue stream for Washington, accounting for roughly 5% of total receipts.

Treasury Secretary Scott Bessent attributed the milestone to President Trump's tariff agenda, stating the nation is "reaping the rewards" of measures aimed at reclaiming economic sovereignty. He forecasts that revenue could climb to \$300 billion by year-end, driven by additional levies planned for copper, Canadian goods, semiconductors, and pharmaceuticals.

While increased receipts have temporarily narrowed the federal deficit, analysts caution that the revenue surge may prove temporary. Yale's Ernie Tedeschi warned of a risk that the government could become "addicted to tariff revenue," noting that import patterns may adjust once the effects of front-loading dissipate.

Additionally, the International Chamber of Commerce has raised concerns that effective U.S. tariff rates may exceed 20%. With duties now averaging 16%, the highest since the 1930s, and additional hikes on key imports, the ICC cautions these measures may dampen consumer spending and trigger global retaliation.

From a centre-right perspective, the growing tariff income offers a fiscally neutral tool for patriotically minded economic policy. It supports domestic industries, helps fund critical services, and provides a buffer

without raising income taxes. However, this must be balanced against macroeconomic stability and the risk of entrenched reliance.

To ensure sustainable governance, policymakers should treat tariff windfalls as transitional revenue, dedicating funds to infrastructure, debt reduction, or industrial strategy, not ongoing spending. Without this discipline, future declines in import volumes could leave deficits widened or force unpopular tax hikes.

In summary, higher tariffs have altered federal revenue dynamics, delivering welcome short-term relief. But success depends on prudent fiscal choices. If leaders use this moment to invest wisely and avoid dependency, the tariff surge could help fortify America's economic foundation, without undermining long-term stability.