

IMPORTING AND EXPORTING

Importing into Canada classification and tariff treatments

Knowing how tariff classification and preferential tariff treatments work can make a big difference to your bottom line.



Léveillé et Fils

Division de la Société internationale Livingston
Division of Livingston International Inc.

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As an importer, what you know about tariffs – including tariff classification and preferential tariff treatments – can make a big difference in keeping your shipping processes efficient and cost-effective.

Understanding tariff classification and Harmonized System (HS) codes

When importing goods into Canada, the best way to ensure your shipments get through Customs quickly is to make sure they're classified with the correct Harmonized System (HS) codes. HS codes are 10-digit codes required for the reporting of goods imported into Canada. They also determine how much duty is applied, so it's important that they're accurate.

This is the same system used when importing goods into the U.S.; Canada is one of more than 200 countries around the world that uses this system of tariff classification, which was developed by the World Customs Organization.

The first six digits of the code represent the international portion of the classification number. They are used by all countries that have adopted the Harmonized System.

Find out how Léveillé et Fils can help you develop tariff procedures that save you money and increase your efficiency.



The last four digits reflect Canadian tariff and statistical requirements.

Taking advantage of preferential tariff treatments

As an importer, you could be entitled to preferential tariff treatments as a result of trade agreements, provided your goods meet the required criteria.

If your goods meet the criteria set out, you can take advantage of some or all of these Preferential Tariff Treatments:

- **Most-Favored-Nation** – The MFN rate is the rate extended to all imports into Canada from any country in the world.
- **North American Free Trade Agreement (NAFTA)** – NAFTA has reduced or eliminated the tariff rates applicable to goods that meet the origin requirements set forth in the agreement. Goods qualifying for preferred tariff treatment under NAFTA require a properly completed Certificate of Origin. This document can be prepared for each individual shipment, or a blanket certificate can be prepared on an annual basis and kept on file with the importer or their appointed customs broker or agent.
- **Other preferential tariff treatments** – Including General Preferential Tariff, Least Developed Developing Country, Caribbean Commonwealth Country Tariff Treatment, Canada Israel Agreement Tariff, and Chile Tariff.



Preferential tariff treatments (i.e. duty-free tariffs in many cases) are offered on the condition that certain direct shipment and proof of origin requirements will be satisfied. Depending on the commodity exported, additional documentation may be required. (It's best to check with your customs broker before exporting a new commodity or product line.)

Duty drawback

Looking for ways to lower your bottom line? CBSA's duty drawback program allows companies to recover duty paid on certain imported goods, putting money back in your pocket. In 2009-2010, CBSA processed approximately \$85 million in drawback claims. Your customs provider can help you determine which imports are eligible and how much you can claim.

Could you be entitled to preferential tariff treatments or duty drawback?

If you'd like to know if you're eligible for any preferential tariff treatments or duty drawback, your customs provider can help you identify any opportunities that will maximize your import potential.

Contact Léveillé et Fils

Have questions or need help with your shipments? Contact your account executive, write to us at: info@leveille.qc.ca or give us a call at **1-888-408-8474**

