

MANAGING YOUR CUSTOMS PROCESS

UNDERSTANDING TARIFFS CAN HELP YOU SAVE MONEY AND SHIP MORE EFFICIENTLY

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Understanding tariffs can help you save money and ship more efficiently

While being a Non-Resident Importer (NRI) can make for hassle-free exporting, what you know about tariffs – namely, tariff classification and preferential tariff treatments – can also make a big difference in helping to create a more efficient and cost-effective process.

Tariff classification and Harmonized System codes

If you decide to become an NRI, 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. You're probably already familiar with this system, as it's based on the same one used to import goods into the U.S. (where it's called the Harmonized Tariff Schedule).

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. 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.

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. The last four digits reflect Canadian tariff and statistical requirements.

Preferential tariff treatments

As an NRI, you could be entitled to the preferential tariff treatments that follow, provided your goods meet the required criteria.

Tariff classification and tariff preferential treatment for Non-Resident Importers.



Most-Favored-Nation (MFN)

The MFN rate is the rate extended to all imports into Canada from specified list of countries.

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 include the following:

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.)

Are you entitled to preferential tariff treatment?

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

Contact Livingston

Have questions or need help with your shipments? Contact your account executive, write to us at: simplify@livingstonintl.com or give us a call at **1-800-837-1063**

