

## Customs Update: Mandatory HS Requirements

The Canada Border Services Agency recently confirmed the requirements for mandatory H.S. codes on PARS or RMD release requests. Importers who do not wish to participate in the CBSA's new Customs Self-Assessment program will be required to use full ten digits on their shipment. May 1, 2002 is the scheduled implementation date.

As an initial step, importers will have 2 options:

1. The 10-digit code for the highest value line on the invoice (Over \$1,600 Canadian)

OR

2. A reasonable representation of the goods within a shipment.

Reasonable representation has been defined as: "for multi-line/multi-page invoices the H.S. code provided at the time of release would be determined based on the nature of the goods within the shipment i.e.: furniture, clothing, auto parts etc."

### Reasonable Representation Example

**Coffee-not roasted-not decaf. HS 0901110000 \$2,000**

**Coffee-not roasted-decaf. HS 090112000 \$2,000**

**Coffee-roasted-not decaf. HS 0901210000 \$2,000**

**Coffee-roasted-decaf. HS 0901220000 \$2,000**

**Paper Cups HS 4823600010 \$3,000**

Using "Reasonable Representation", the 10-digit HS Code provided at time of release will be for coffee

Using the highest value invoice line will result in a 10-digit HS code for coffee cups.

Importers must keep in mind that the acceptance of one HS code is an interim step and eventually H.S. Codes will be required for all commodities within a shipment. In addition, customs will monitor H.S. Codes applied at time of release vs. those applied at time of accounting. Continual errors or inaccurate codes applied at time of release could result in warnings and eventually administrative monetary penalties.