



Ottawa, June 24, 2014

Memorandum D10-14-46

Tariff Classification of “Hybrid” Motor Vehicles

In Brief

The editing revisions made in this memorandum do not affect or change any of the existing policies or procedures.

This memorandum explains the Canada Border Services Agency policy concerning the tariff classification of “hybrid” motor vehicles for heading 87.03 of the [Customs Tariff](#).

Legislation

[Customs Tariff](#)

- 87.03 - Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 87.02), including station wagons and racing cars.
- 8703.2 - Other vehicles, with spark-ignition, internal combustion, reciprocating piston engine:
- 8703.3 - Other vehicles, with compression-ignition, internal combustion piston engine (diesel or semi-diesel):

Guidelines and General Information

Definition and Design

1. This type of passenger motor vehicle incorporates a “hybrid” power system, generally consisting of an internal combustion engine (a spark-ignition, internal combustion reciprocating piston engine) and an electric motor. Hybrid motor vehicle design is now at the forefront of transportation technology development. These motor vehicles have the potential to allow continued growth in the automotive sector, while also reducing critical resource consumption, air pollution and traffic congestion.
2. The intent of the hybrid power system design is to increase the fuel economy of the internal combustion engine and reduce exhaust emissions. This is achieved by means of the computerized hybrid transmission system. The transmission system is pre-programmed to determine when it is more economical, based on driving conditions, to use the internal combustion engine rather than the electric motor. Generally, the electric motor is used for low-speed driving. However, once the speed approaches the point where the internal combustion engine is more efficient, the transmission system automatically switches from the electric motor to the internal combustion engine.
3. Some models use a compression-ignition internal combustion piston engine (diesel or semi-diesel) rather than a spark-ignition internal combustion engine in the hybrid power system.

Tariff Classification Policy

4. During the 28th session of the Harmonized System Committee of the World Customs Organization, a decision was made to classify certain models of hybrid motor vehicles under subheading 8703.22. Since these motor vehicles are principally designed for the transport of persons and have a seating capacity of fewer than 10 persons, including the driver, they satisfy the terms of heading 87.03. In the absence of any relevant Section, Chapter or Explanatory Notes that would define or restrict the scope of subheading 8703.2, the subheading must stand on its own merits; therefore, these hybrid motor vehicles are classified under subheading 8703.2.

5. Similarly, hybrid motor vehicles that have a compression-ignition, internal combustion piston engine (diesel or semi-diesel) are classified under subheading 8703.3.
6. Passenger motor vehicles that are solely powered by electric motors are classified in subheading 8703.90 – Other.

Additional Information

7. For certainty regarding the tariff classification of a particular good, importers may request an advance ruling. Details on how to make such a request are found in CBSA [Memorandum D11-11-3, *Advance Rulings for Tariff Classification*](#).
8. For more information, within Canada call the Border Information Service at **1-800-461-9999**. From outside Canada call 204-983-3500 or 506-636-5064. Long distance charges will apply. Agents are available Monday to Friday (08:00 – 16:00 local time/except holidays). TTY is also available within Canada: **1-866-335-3237**.

References	
Issuing Office	Trade and Anti-dumping Programs Directorate
Headquarters File	HS8703.21, HS8703.22, HS8703.23, HS8703.24, HS8703.31, HS8703.32, HS8703.33
Legislative References	Customs Tariff General Rules for the Interpretation of the Harmonized System Explanatory Notes to the Harmonized Commodity
Other References	D11-11-3
Superseded Memorandum D	D10-14-46 dated March 9, 2007