Canada Border Services Agency | Agence des services frontaliers du Canada

Memorandum D10-13-1: Tariff Classification of Goods

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Plain language summary

Target audience: Importers of commercial goods.

Key content: This D-Memo explains the methodology for classifying goods in the schedule to the *Customs Tariff Act* (Departmental Consolidation of the Customs Tariff, often referred to as the Customs Tariff or Tariff)

Keywords: D-Memo, memorandum, Harmonized System, HS, GIR(s), ENs, Tariff, classification, goods, Section, Chapter, heading, subheading, tariff item, statistical suffix, dash, Canadian Rules

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Updates made to this D-Memo

This D-Memo has been updated to reflect accessibility and plain language considerations.

Guidelines

1. This D-Memo explains the process to be followed to classify goods under the *Customs Tariff* (Tariff).

Legal Foundation

2. Subsection 10 (1) of the *Customs Tariff Act* specifies that the legal foundation of the Tariff consists of the General Rules for the Interpretation of the Harmonized System (often referred to as General Interpretative Rules or GIRs), the Section and Chapter Notes, and the terms of the headings, subheadings and tariff items.

3. Section and Chapter Notes are located at the beginning of the Section or Chapter, but not all Sections and Chapters have Notes. These Notes are part of the legislation and must be considered.

4. Typically, these Notes will list certain inclusions and exclusions for the Chapter or Section. In some cases, they define certain terms or specify how a certain commodity is to be classified. When applicable, they may indicate how parts of goods are to be classified.

5. The Harmonized System Explanatory Notes (ENs) complement the legal foundation as the official interpretation of the Harmonized System (HS). They explain the application and scope of the Section and Chapter Notes. The ENs also provide general information to the scope of the various headings and subheadings.

6. Section 11 of the *Customs Tariff Act* requires that regard must be given to the ENs in interpreting the headings and subheadings in the schedule to the Tariff.

7. The World Customs Organization (WCO) is the entity responsible for the Harmonized Commodity Description and Coding System (also referred to as the Harmonized System or HS). HS classification decisions made by the Harmonized System Committee of the WCO are included in the Compendium of Classification Opinions.

Structure of the Tariff

8. The Tariff is structured in a hierarchical manner.

9. The HS and, by extension, the Tariff are generally arranged with the least processed or manufactured goods in earlier Sections and Chapters, and the further manufactured goods in later Sections and Chapters. For example, agricultural products can be found in Section I, while more complex goods such as machinery and precision instruments can be found in later Sections.

10. The same structure is followed within each Section and Chapter. For example, Chapter 50 provides for silk products. The first heading in that Chapter provides for silk-worm cocoons while articles made from silk can be found in the later headings of the Chapter.

11. Headings are four-digit codes, (e.g., 08.03), in which the first two-digits indicate the Chapter where the heading is located and the last two-digits indicate the position of the heading within that Chapter.

12. Subheadings are six-digit codes, (e.g., 0803.10), which represent subdivisions of the heading providing greater product detail. Not all headings are subdivided. In these cases, the fifth-digit and sixth-digit are zeros. In the *Customs Tariff* Schedule, subheadings have at least one dash before the description. One dash subheadings that are not further subdivided will end in "00" (fifth-digit and sixth-digit); those that are further subdivided will have two dashes before the description of those subdivisions.

13. Headings and subheadings are part of the HS, which is the basis of the Tariff of almost all trading nations.

14. Tariff items are eight-digit codes, (e.g., 0803.10.00). These subdivisions have been created to provide further product detail for domestic tariff classification purposes. Just like headings and subheadings, not all tariff items are subdivided, in which case the seventh-digit and eighth-digit are zeros. The dash structure is similar to the subheading level, but with three or four dashes before the description.

15. Rates of duty are assigned at the tariff item level.

16. Tariff classification numbers are ten-digit codes, (e.g., 0803.10.00.00), required for the reporting of goods imported into Canada. The last two-digits are referred to as statistical suffixes. Just like headings, subheadings, and tariff items, not all statistical suffixes are subdivided, in which case the ninth-digit and tenth-digit are zeros. At this level, the description in the *Customs Tariff* Schedule is preceded by five or six dashes.

17. Every chapter of the HS is divided by this numbering system, for example:

Tariff classification number: **9507.90.10.00**

Breakdown:

95.07	Heading (International)
9507.**90**	Sub-heading (International)
9507.90.**10**	Tariff item (Canadian)
9507.90.10.**00**	Statistical suffix (Canadian)

General Interpretative Rules (GIRs)

18. The six GIRs are the foundation of the tariff classification process and must be followed at all times.

19. GIR 1 specifies that goods must be classified according to the terms of the headings and the relative Section and Chapter Notes. When applied properly, the majority of goods are classified by application of GIR 1, as its application will result in having only one heading under which the goods are classified. As a result, GIRs 2 through 5 are not applicable.

20. GIR 2 is to be applied in conjunction with GIR 1 to address the classification of goods that are incomplete, unassembled, unfinished or disassembled, as well as mixtures and combinations of goods.

21. GIR 3 addresses the classification of goods that cannot be classified by the application of the preceding GIRs. It does so in three ways, by:

(a) giving precedence to a heading that provides a more specific description of the goods, provided the alternative heading does not also describe part of the good;

(b) directing that mixtures, composite goods, and sets of goods put up for retail sale be classified according to the element which gives the whole its essential character; and

(c) providing for the good to be classified in the heading last in numerical order amongst the headings that equally merit consideration.

22. GIR 4 essentially exists to ensure that all goods can be classified. GIRs 1 through 3, in combination with the fact that almost every Chapter of the Tariff includes a residual heading (e.g., 74.19 – Other articles of copper) to capture goods not specifically provided for elsewhere, render this GIR moot for all practical purposes.

23. GIR 5 deals with specific aspects of packaging.

24. GIR 6 specifies that the preceding process be repeated to classify goods at the subheading level.

25. In addition to the GIRs, there are 3 Canadian Rules, which complement the GIRs, and they are to be applied to determine classification at the tariff item level. The GIRs and the Canadian Rules are included in the introductory pages of the Tariff.

26. For an official detailed explanation of the GIRs, reference should be made to the ENs to the GIRs.

Tariff classification process

27. Before beginning with the classification process, it is very important to have detailed information of the good to be classified. For example, one must know exactly what the good is, what it is composed of, how it functions, etc.

28. The tariff classification process reflects the hierarchical structure of the Tariff. Headings are only to be compared with other headings. No consideration is to be given to the descriptions found in the subheadings, tariff items or statistical subdivision, when determining classification at the heading level.

29. The same process is followed when selecting each level of subheading, tariff item and statistical breakout, at the same dash level respectively.

30. The tariff classification process begins by applying GIR 1 and determining which heading provides for the product when taking into account the terms of headings and relative Chapter and Section Notes.

31. The tariff classification of liquefied ethane gas imported in bulk containers is determined as follows:

(a) Ethane gas is a gaseous hydrocarbon classified in heading 27.11.

(b) Since the gas is in the liquefied state, it is evident that it falls under the subheading for liquefied gas.

(c) Next, it falls under the two-dash subheading number 2711.19, - - "Other," since this particular gas is not specified in any of the other two-dash subheadings.

(d) Tariff items that must be compared before looking at the statistical suffix are 2711.19.10 and 2711.19.90.

(f) Tariff item 2711.19.10 specifies that the gas must be "in containers ready for use."

(g) In this case, the ethane gas is not in containers ready for use.

(g) For the statistical suffix, as the product is ethane, its tariff classification number is 2711.19.90.10.

32. The *Customs Tariff Act* contains specific direction for certain goods that are subject to tariff rate quotas (TRQ); the same principles of tariff classification apply.

33. TRQ agricultural products can only be classified under a tariff item that contains the phrase "within access commitment" when the importer has a valid import permit specifying entitlement to the "within access commitment" rate of duty, which is issued by the Export and Import Permits Act Operations and Digital Innovation Division, Strategic Export Controls Bureau, Global Affairs Canada (GAC).

34. Permits are issued individually for particular importations of certain goods (application required), while others (e.g. wheat, barley, and wheat and barley products) are subject to General Import Permits (GIPs) (no application is required) that are administered on a first-come, first-served basis.

35. Permits include the terms and conditions that must be met to be valid. If the importer does not have an import permit or if the "within access commitment" GIP has been closed for the year by GAC, then the goods are classified under the "over access commitment" tariff item, which attracts a higher rate of duty than the "within access commitment" tariff item.

36. To illustrate this process, refer to Appendix B to this D-Memo.

37. For more information on GIPs and import permits, refer to *Memorandum D19-10-2: Administration of the Export and Import Permits Act (Importations)*.

38. For more information on the administration of "within access commitment" and "over access commitment" tariff items, consult *Memorandum D10-18-1: Tariff Rate Quotas*.

Classification in Chapters 98 and 99 of the *Customs Tariff*

39. Goods that satisfy the conditions in any of the provisions included in any tariff item of Chapter 98 (Special Classification Provisions – Non-commercial) are to be classified under the appropriate tariff item of that Chapter, rather than elsewhere in the tariff.

40. Goods that satisfy the conditions in any of the provisions included in any tariff item of Chapter 99 (Special Classification Provisions – Commercial) are first to be classified in Chapters 1 to 97. The first four digits of the appropriate tariff item under Chapter 99 must also be entered in the Customs Accounting Declaration (CAD).

41. For more information on the Coding of Customs Accounting Declaration, consult *Memorandum D17-1-10: Coding of Customs Accounting Documents*.

Additional Information

42. Procedures to obtain an advance ruling for tariff classification of goods are outlined in *Memorandum D11-11-3: Advance Rulings for Tariff Classification*.

Appendix A

Table 1: Structure of the Tariff where liquified petroleum gases and other gaseous hydrocarbons are classified.

Tariff Item	Description of Goods
27.11	Petroleum gases and other gaseous hydrocarbons
	- Liquefied:
2711.11.00	- -Natural gas
2711.12	- -Propane
2711.12.10	- - -In containers ready for use
2711.12.90	- - -Other
2711.13.00	- -Butanes
2711.14.00	- -Ethylene, propylene, butylene and butadiene
2711.19	- - Other
2711.19.10	- - -In containers ready for use

2711.19.90	- - -Other
2711.19.90.10	- - - - -Ethane
2711.19.90.90	- - - - -Other

Brief example of the classification process for liquified petroleum gases and other gaseous hydrocarbons.

(a) To classify goods under heading 27.11, the goods must meet the requirements of the heading. Therefore, in this example, the goods must be petroleum gases or other gaseous hydrocarbons. Classification in a subheading, under heading 27.11, cannot happen if the goods do not meet the requirement of the heading.

(b) Once the heading where the goods are classified has been determined, consideration can then be given to the subheadings. In this case, there are two one-dash subheadings. Consequently, it must be determined whether the gases are liquefied or gaseous.

(i) If the gas is liquefied, the two-dash subheadings relating to liquefied must be examined. In this example, they are 2711.11, 2711.12, 2711.13, 2711.14, and 2711.19.

(ii) The last or residual subheading relating to liquefied gas is 2711.19, "Other." This provides for goods that are not described in any subheadings at the same level; in this case, other than natural gas (2711.11), propane (2711.12), butane (2711.13), ethylene, propylene, butylene, and butadiene (2711.14).

(c) This same process is used at each level. Once the appropriate subheading is determined, the process is repeated at the tariff item level except that, rather than examining one- and two-dash subheadings, the three- and four-dash tariff items are examined.

(d) Additionally, this process also takes place at the five- and six-dash level (statistical suffix).

Appendix B

Table 2: Structure of the Tariff where live broilers for domestic production are classified.	
Tariff Item	Description of Goods
01.05	Live poultry, that is to say, fowls of the species *Gallus domesticus*, ducks, geese, turkeys, and guinea fowls.
	-Weighing not more than 185g:
0105.11	- -Fowls of the species *Gallus domesticus*
0105.11.10	- - -For breeding purposes
	- - -Broilers for domestic production
0105.11.21	- - - -Within access commitment
0105.11.22	- - - -Over access commitment
0105.11.90	- - -Other
0105.12	- -Turkeys
0105.12.10	- - -For breeding purposes
0105.12.90	- - -Other
0105.13	- -Ducks
0105.13.10	- - -For breeding purposes
0105.13.90	- - -Other
0105.14	- -Geese
0105.14.10	- - -For breeding purposes
0105.14.90	- - -Other
0105.15	- -Guinea fowls

0105.15.10	- - -For breeding purposes
0105.15.90	- - -Other
	-Other:
0105.94	- -Fowls of the species *Gallus domesticus*
0105.94.10	- - -For breeding purposes; Spent fowl; Started pullets
	- - -Other:
0105.94.91	- - - -Within access commitment
0105.94.92	- - - -Over access commitment
0105.99	- - -Other
	- - -Turkeys:
0105.99.11	- - - -Within access commitment
0105.99.12	- - - -Over access commitment
0105.99.90	- - -Other

Example of the classification process for live broilers (fowls of the species *Gallus Domesticus*), weighing 180 grams, imported for domestic production.

(a) Live poultry is specifically provided for in heading 01.05.

(b) Since the broilers weigh 180 grams, they meet the one-dash subheading 0105.1,which reads, "weighing not more than 185 grams."

(c) As they are fowl of the species *Gallus Domesticus*, the two-dash subheading 0105.11 is applicable.

(d) As the broilers are for domestic production, tariff items 0105.11.21 and 0105.11.22 must be examined.

(e) If the importer does not have a specific import permit, or the terms and conditions of the permit have not been complied with, the broilers are classified under "over access commitment" tariff item No. 0105.11.22 as broilers for domestic production.

References

Consult these resources for further information.

Applicable legislation

- *Customs Tariff*
- *Customs Act*
- *Export and Import Permits Act*
- *Statistics Act*

Related D memoranda

- *Memorandum D19-10-2: Administration of the Export and Import Permits Act (Importations)*
- *Memorandum D10-18-1: Tariff Rate Quotas*
- *Memorandum D17-1-10: Coding of Customs Accounting Documents*
- *Memorandum D11-11-3: Advance Rulings for Tariff Classification*

Superseded D memoranda

Memorandum D10-13-1 dated October 21, 2024

Issuing office

Tariff Classification, Origin and Valuation Division
Trade Programs Directorate
Commercial and Trade Branch

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Contact border information services

Related links

- CARM: The new way to assess and pay duties and taxes on imported commercial goods (cbsa-asfc.gc.ca)
- Onboarding documentation
- Import controls and import permits, Global Affairs Canada (GAC)
- Guide to tariff classification for Canadian imports: Overview