



SIMPLIFIED DUTY COLLECTION CONCEPT FOR LOW VALUE B/C2C IMPORTS:

POSSIBLE PROCESS ASPECTS

Foreword

This paper should be read in conjunction with the GEA's ["Proposal on Tax/Duty Collection on Low Value Shipments"](#) (September 2020).

Specifically, it refers to 'Option 2 – Simplified Duty Collection' in said proposal, which has in mind countries whose primary charges at the border are customs duties. GEA's proposal contemplates two additional options to simplify the assessment and collection of revenue on low-value imports: Option 1 – A Flat Rate; and Option 3 – Simplified VAT/GST Collection, for countries with a focus on consumption taxes. GEA intends to take a deeper look into those options by means of future, separate papers. This one refers to Option 2 exclusively.

Option 2 contemplates a *simplified duty structure for low-value imports*. It draws inspiration from the Canadian 'General Harmonized System 2012', which groups all imports under 500 CAD into three duty bands or 'buckets'.

Should a country wish to adopt this approach and group headings for low-value imports into a few duty bands or 'buckets' (not necessarily three), it will need a method to generate them.

This paper looks into one possible method to generate such duty-bands. It starts with the Harmonized System's 5,400 six-digit codes. It then eliminates some as not eligible and suggests ways to group the remaining ones into duty bands.

The aim is to generate a public discussion and trials or pilots of this idea, in order to fine-tune it.

Comments, suggestions and criticism are welcome. Please address them to info@global-express.org.

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Simplified Duty Collection Concept for Low Value B/C2C Imports: Possible Process Aspects

The proposed duty collection system is based on the vendor-collect revenue collection model whereby the seller/marketplace/platform in the originating (foreign) country of sale collects the duty on behalf of the country of consumption/destination.

1. The seller/marketplace/platform will be required to have a **registration** number recognized by the destination country. This can be achieved either through a simple and convenient registration process in the country of destination. There should be no requirement in particular for micro, small and medium sized sellers to establish a legal or fiscal representation in destination countries as this creates non-tariff barriers.
2. **At the time of the sale**, the seller/marketplace/platform will query the database (see point 2 below) real-time through an API, identify the applicable duty rate, apply the applicable exchange rate and calculate the full landed cost to the buyer.
3. The seller/marketplace/platform may/should provide the commercial details about the transaction (commodity description, quantity, price paid, etc.) to the authorities at destination
4. The seller/marketplace/platform will remit the duties, preferably on a periodic basis, directly to the authorities in the country of destination with reference to the registration number and the transactions.
5. During the import clearance process the loop will be closed by including the registration number of the overseas vendor in the simplified goods declaration applicable for this process. Authorities may also require a commercial invoice to be available which gives access to relevant reference data of the underlying purchase.
6. The compliance and enforcement of this duty collection system should be based on cooperation and information exchange between Customs authorities using mutual administrative assistance arrangements in place

What will governments have to do to establish such a system in their country? The GEA has built a simulation modeler to enable countries to dry run scenarios.

Step 1: Determine your criteria:

Where it is necessary to collect duties, each government would have to determine the criteria that would be applicable to a duty collection system, including:

- two value thresholds, e.g. an upper one of 1,000 SDR as per WCO Immediate Release Guidelines and a lower one (*de minimis*, where applicable).
- Identify the scope and the list of excluded goods, e.g. prohibited and restricted items, items subject to excise duties, etc.
- Any other parameters that the government requires to be followed in this program.

After this step, a country will have defined the scope of its low-value import simplification process. The next step will be to group the goods into duty bands to enable import automation and transparency.

Step 2: Determine your duty rate bands.

Based on the scope of the import simplification program defined in Step 1, governments should review and analyse the corresponding applied MFN duty rates as contained in their national tariff schedule and identify duty rate bands around which goods converge. Depending on the goods and the variation of applied duty rates this could inform the number of duty rate bands for this country, preferably not more than three.

Country example: The Canadian government has identified three duty rate bands with 20%, 8% and 0%.

Step 3: Assign goods/ goods groups into the duty rate bands

–This simplified duty collection system is based on a simplified classification standard (see proposed international standard below). Governments should be using the proposed international standard of headings for goods and groups of goods in order to come up with a simplified classification scheme that corresponds with the simplified duty collection system. Based on the analysis of their tariff schedule, governments will assign goods and groups of goods to each of the defined bands and maintain this system going forward.

Country example: In the Canadian example, the government has grouped all goods falling under chapters 61 and 62 of the Harmonized System under “clothing and apparel” and assigned this commodity group into band 1.

What will be required at the international level to facilitate this duty collection system at the global level?

1. Simplified classification

For the application of step 3 of this simplified duty collection system for low value shipments groups of goods should be defined with reference to the Harmonized System. The simplified classification standard would comprise of high-level headings, each grouping together a range of commodities typically purchased by individuals for consumption, hobby, sport and other private activities and sharing common characteristics in terms of material or use. For example, shoes and other footwear and parts thereof contained in chapter 42 of the HS would be categorized as “footwear and parts”.

The simplified classification standard would not contain commodities that are by nature out of scope for this simplified duty collection system, often subject to prohibitions and restrictions such as

- Chapters 1-29 (agricultural products chapters 1-24, minerals chapters 25 and 26 and chemicals chapters 27-29)
- Solid goods of precious nature (e.g. diamonds, precious metals)
- Goods subject to excise taxes (e.g. alcohol or tobacco products) or licensing requirements, e.g. dual-use goods
- Goods not suitable for B2C e-commerce low value shipments (e.g. automobiles)
- goods for industrial use (e.g. iron ore, heavy duty machinery, nuclear reactor, etc.)

This simplified classification standard will facilitate the lookup of duty rates by enabling a key word search instead of a full-fledged HS classification based on these headings across countries. This will facilitate in particular the export business activities of small and medium size enterprises in all participating countries. A proposed version of such a simplified classification standard is contained as an Annex to this document.

2. Global database and API

There is a need for a global database that would be the central reference point for the applicable duty bands, their corresponding rates as well as the applicable exchange rate. Such a global database should be located at a central point, for example an international organization such as the WTO, and would be provided with the information from the participating governments through an API (Application Programming Interface).

Suggested Simplified Classification for low-value B2C Shipments

No.	Suggested Simplified headings (56 headings incl. NES)	Scope (HS2, HS4 or HS6)	Selected section, chapter and sub-chapter headings as per HS 2017
1.	Medicaments, pharmaceutical and medical products and equipment	30.04	Medicaments (excluding goods of heading 3002, 3005 or 3006) consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses (including those in the form of transdermal administration systems) or in forms or packings for retail sale
		30.05	Wadding, gauze, bandages and similar articles (for example, dressings, adhesive plasters, poultices), impregnated or coated with pharmaceutical substances or put up in forms or packings for retail sale for medical, surgical, dental or veterinary purposes
		3006.50	First-aid boxes and kits
		90.20	Other breathing appliances and gas masks, excluding protective masks having neither mechanical parts nor replaceable filters
2.	Beauty aids/Cosmetics/Toiletries	32.01	Tanning extracts of vegetable origin; tannins and their salts, ethers, esters and other derivatives
		32.02	Synthetic organic tanning substances; inorganic tanning substances; tanning preparations, whether or not containing natural tanning substances; enzymatic preparations for pre-tanning
		3203.00	Colouring matter of vegetable or animal origin (including dyeing extracts but excluding animal black), whether or not chemically defined; preparations as specified in note 3 to this chapter based on colouring matter of vegetable or animal origin

No.	Suggested Simplified headings (56 headings incl. NES)	Scope (HS2, HS4 or HS6)	Selected section, chapter and sub- chapter headings as per HS 2017
		32.04	Synthetic organic colouring matter, whether or not chemically defined; preparations as specified in note 3 to this chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminophores, whether or not chemically defined
		3205.00	Colour lakes; preparations as specified in note 3 to this chapter based on colour lakes
		32.06	Other colouring matter; preparations as specified in note 3 to this chapter, other than those of heading 3203, 3204 or 3205; inorganic products of a kind used as luminophores, whether or not chemically defined
		33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations.
		9605.00	Travel sets for personal toilet, sewing or shoe or clothes cleaning
		96.15	Combs, hair-slides and the like; hairpins, curling pins, curling grips, hair-curlers and the like, other than those of heading 8516, and parts thereof
		96.16	Scent sprays and similar toilet sprays, and mounts and heads therefor; powder-puffs and pads for the application of cosmetics or toilet preparations
3.	Paints and pigments	32.07	Prepared pigments, prepared opacifiers and prepared colours, vitrifiable enamels and glazes, engobes (slips), liquid lustres and similar preparations, of a kind used in the ceramic, enamelling or glass industry; glass frit

No.	Suggested Simplified headings (56 headings incl. NES)	Scope (HS2, HS4 or HS6)	Selected section, chapter and sub- chapter headings as per HS 2017
			and other glass, in the form of powder, granules or flakes
		32.08	Paints and varnishes (including enamels and lacquers) based on synthetic polymers or chemically modified natural polymers, dispersed or dissolved in a non-aqueous medium; solutions as defined in note 4 to this chapter
		32.09	Paints and varnishes (including enamels and lacquers) based on synthetic polymers or chemically modified natural polymers, dispersed or dissolved in an aqueous medium
		3210.00	Other paints and varnishes (including enamels, lacquers and distempers); prepared water pigments of a kind used for finishing leather
		32.12	Pigments (including metallic powders and flakes) dispersed in non-aqueous media, in liquid or paste form, of a kind used in the manufacture of paints (including enamels); stamping foils; dyes and other colouring matter put up in forms or packings for retail sale
		32.13	Artists', students' or signboard painters' colours, modifying tints, amusement colours and the like, in tablets, tubes, jars, bottles, pans or in similar forms or packings
4.	Cleaning/Polishing/Lubricating products	34	Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, "dental

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			waxes" and dental preparations with a basis of plaster.
5.	Photographic articles	37	Photographic or cinematographic goods.
6.	Plastics and articles thereof.	39	Plastics and articles thereof.
7.	Rubber and articles thereof.	40	Rubber and articles thereof.
8.	Articles of leather (apparel, belts, wallets, handbags, bags, other)	42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silk-worm gut).
9.	Articles of fur, incl artificial fur	43	Furskins and artificial fur; manufactures thereof.
10.	Articles of wood	44	Wood and articles of wood; wood charcoal.
11.	Articles of cork	45	Cork and articles of cork.
12.	Articles of straw and other plaiting materials	46	Manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork.
13.	Paper and articles of paper	48	Paper and paperboard; articles of paper pulp, of paper or of paperboard.
14.	Books, newspapers and other printed articles	49	Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans.
15.	Textiles	50	Silk.
		51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric.
		52	Cotton.
		53	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn.

No.	Suggested Simplified headings (56 headings incl. NES)	Scope (HS2, HS4 or HS6)	Selected section, chapter and sub- chapter headings as per HS 2017
		54	Man-made filaments.
		55	Man-made staple fibres.
		56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof.
		58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery.
		59	Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use.
		60	Knitted or crocheted fabrics.
16.	Carpets and floor coverings	57	Carpets and other textile floor coverings.
17.	Clothing and apparel	61	Articles of apparel and clothing accessories, knitted or crocheted.
		62	Articles of apparel and clothing accessories, not knitted or crocheted.
18.	Bedding/Linen/Towels/Curtains	63	Other made up textile articles; sets; worn clothing and worn textile articles; rags.
19.	Footwear and parts	64	Footwear, gaiters and the like; parts of such articles.
20.	Headgear and parts	65	Headgear and parts thereof.
21.	Umbrellas, walking sticks, and parts	66	Umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof.
22.	Articles of feathers and down	67	Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles of human hair.
23.	Articles of ceramic	69	Ceramic products.
24.	Glass and glassware	70	Glass and glassware.

No.	Suggested Simplified headings (56 headings incl. NES)	Scope (HS2, HS4 or HS6)	Selected section, chapter and sub- chapter headings as per HS 2017
25.	Precious gems and articles thereof	71.01	Pearls, natural or cultured, whether or not worked or graded but not strung, mounted or set; pearls, natural or cultured, temporarily strung for convenience of transport
		71.03	Precious stones (other than diamonds) and semi-precious stones, whether or not worked or graded but not strung, mounted or set; ungraded precious stones (other than diamonds) and semi-precious stones, temporarily strung for convenience of transport
		71.04	Synthetic or reconstructed precious or semi-precious stones, whether or not worked or graded but not strung, mounted or set; ungraded synthetic or reconstructed precious or semi-precious stones, temporarily strung for convenience of transport
		71.05	Dust and powder of natural or synthetic precious or semi-precious stones
26.	Jewelry (Finished/Imitation)	71.13	Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal
		71.14	Articles of goldsmiths' or silversmiths' wares and parts thereof, of precious metal or of metal clad with precious metal
		71.15	Other articles of precious metal or of metal clad with precious metal
		71.16	Articles of natural or cultured pearls, precious or semi-precious stones (natural, synthetic or reconstructed)
		71.17	Imitation jewellery

No.	Suggested Simplified headings (56 headings incl. NES)	Scope (HS2, HS4 or HS6)	Selected section, chapter and sub- chapter headings as per HS 2017
27.	DIY and household articles of metal	73.15	Chain and parts thereof, of iron or steel
		7317.00	Nails, tacks, drawing pins, corrugated nails, staples (other than those of heading 8305) and similar articles, of iron or steel, whether or not with heads of other material, but excluding such articles with heads of copper
		73.18	Screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter pins, washers (including spring washers) and similar articles, of iron or steel
		73.19	Sewing needles, knitting needles, bodkins, crochet hooks, embroidery stiletos and similar articles, for use in the hand, of iron or steel; safety pins and other pins of iron or steel, not elsewhere specified or included
		73.20	Springs and leaves for springs, of iron or steel
		73.21	Stoves, ranges, grates, cookers (including those with subsidiary boilers for central heating), barbecues, braziers, gas rings, plate warmers and similar non-electric domestic appliances, and parts thereof, of iron or steel
		73.22	Radiators for central heating, not electrically heated, and parts thereof, of iron or steel; air heaters and hot-air distributors (including distributors which can also distribute fresh or conditioned air), not electrically heated, incorporating a motor-driven fan or blower, and parts thereof, of iron or steel
		73.23	Table, kitchen or other household articles and parts thereof, of iron or steel; iron or steel wool; pot scourers

No.	Suggested Simplified headings (56 headings incl. NES)	Scope (HS2, HS4 or HS6)	Selected section, chapter and sub- chapter headings as per HS 2017
			and scouring or polishing pads, gloves and the like, of iron or steel
		73.24	Sanitary ware and parts thereof, of iron or steel
		73.25	Other cast articles of iron or steel
		73.26	Other articles of iron or steel
		74.15	Nails, tacks, drawing pins, staples (other than those of heading 8305) and similar articles, of copper or of iron or steel with heads of copper; screws, bolts, nuts, screw hooks, rivets, cotters, cotter pins, washers (including spring washers) and similar articles, of copper
		74.18	Table, kitchen or other household articles and parts thereof, of copper; pot scourers and scouring or polishing pads, gloves and the like, of copper; sanitary ware and parts thereof, of copper
		74.19	Other articles of copper
		76.15	Table, kitchen or other household articles and parts thereof, of aluminium; pot scourers and scouring or polishing pads, gloves and the like, of aluminium; sanitary ware and parts thereof, of aluminium
		76.16	Other articles of aluminium
28.	Tools, handheld, kitchenware and tableware	82	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal.
29.	Household appliances (electric and mechanical), machinery and parts thereof	84.14	Air or vacuum pumps, air or other gas compressors and fans; ventilating or recycling hoods incorporating a fan, whether or not fitted with filters

No.	Suggested Simplified headings (56 headings incl. NES)	Scope (HS2, HS4 or HS6)	Selected section, chapter and sub- chapter headings as per HS 2017
		84.15	Air-conditioning machines, comprising a motor-driven fan and elements for changing the temperature and humidity, including those machines in which the humidity cannot be separately regulated
		84.16	Furnace burners for liquid fuel, for pulverised solid fuel or for gas; mechanical stokers, including their mechanical grates, mechanical ash dischargers and similar appliances
		84.18	Refrigerators, freezers and other refrigerating or freezing equipment, electric or other; heat pumps other than air-conditioning machines of heading 8415
		84.22	Dishwashing machines; machinery for cleaning or drying bottles or other containers; machinery for filling, closing, sealing or labelling bottles, cans, boxes, bags or other containers; machinery for capsuling bottles, jars, tubes and similar containers; other packing or wrapping machinery (including heat-shrink wrapping machinery); machinery for aerating beverages
		84.23	Weighing machinery (excluding balances of a sensitivity of 5 cg or better), including weight-operated counting or checking machines; weighing machine weights of all kinds
		84.24	Mechanical appliances (whether or not hand-operated) for projecting, dispersing or spraying liquids or powders; fire extinguishers, whether or not charged; spray guns and similar appliances; steam or sandblasting machines and similar jet projecting machines

No.	Suggested Simplified headings (56 headings incl. NES)	Scope (HS2, HS4 or HS6)	Selected section, chapter and sub- chapter headings as per HS 2017
		84.50	Household or laundry-type washing machines, including machines which both wash and dry
		84.51	Machinery (other than machines of heading 8450) for washing, cleaning, wringing, drying, ironing, pressing (including fusing presses), bleaching, dyeing, dressing, finishing, coating or impregnating textile yarns, fabrics or made-up textile articles and machines for applying the paste to the base fabric or other support used in the manufacture of floor coverings such as linoleum; machines for reeling, unreeling, folding, cutting or pinking textile fabrics
		84.52	Sewing machines, other than book-sewing machines of heading 8440; furniture, bases and covers specially designed for sewing machines; sewing machine needles
		84.67	Tools for working in the hand, pneumatic, hydraulic or with self-contained electric or non-electric motor
		85.08	Vacuum cleaners
		85.09	Electromechanical domestic appliances, with self-contained electric motor, other than vacuum cleaners of heading 8508
		85.10	Shavers, hair clippers and hair-removing appliances, with self-contained electric motor

No.	Suggested Simplified headings (56 headings incl. NES)	Scope (HS2, HS4 or HS6)	Selected section, chapter and sub- chapter headings as per HS 2017
		85.16	Electric instantaneous or storage water heaters and immersion heaters; electric space-heating apparatus and soil-heating apparatus; electrothermic hairdressing apparatus (for example, hairdryers, hair curlers, curling tong heaters) and hand dryers; electric smoothing irons; other electrothermic appliances of a kind used for domestic purposes; electric heating resistors, other than those of heading 8545
		96.03	Brooms, brushes (including brushes constituting parts of machines, appliances or vehicles), hand-operated mechanical floor sweepers, not motorised, mops and feather dusters; prepared knots and tufts for broom or brush making; paint pads and rollers; squeegees (other than roller squeegees)
		9604.00	Hand sieves and hand riddles
30.	Computer, office machines and parts thereof	84.70	Calculating machines and pocket-size data-recording, reproducing and displaying machines with calculating functions; accounting machines, postage-franking machines, ticket-issuing machines and similar machines, incorporating a calculating device; cash registers
		84.71	Automatic data-processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included
		84.72	Other office machines (for example, hectograph or stencil duplicating machines, addressing machines, automatic banknote dispensers, coin-sorting machines, coin-counting or -

No.	Suggested Simplified headings (56 headings incl. NES)	Scope (HS2, HS4 or HS6)	Selected section, chapter and sub- chapter headings as per HS 2017
			wrapping machines, pencil-sharpening machines, perforating or stapling machines)
		84.73	Parts and accessories (other than covers, carrying cases and the like) suitable for use solely or principally with machines of headings 8470 to 8472
31.	Electric articles	85.01	Electric motors and generators (excluding generating sets)
		85.06	Primary cells and primary batteries
32.	Autoparts and accessories	85.11	Electrical ignition or starting equipment of a kind used for spark-ignition or compression-ignition internal combustion engines (for example, ignition magnetos, magneto-dynamos, ignition coils, sparking plugs and glow plugs, starter motors); generators (for example, dynamos, alternators) and cut-outs of a kind used in conjunction with such engines
		87.08	Parts and accessories of the motor vehicles of headings 8701 to 8705
		87.16	Trailers and semi-trailers; other vehicles, not mechanically propelled; parts thereof
33.	Lighting and parts thereof	85.12	Electrical lighting or signalling equipment (excluding articles of heading 8539), windscreen wipers, defrosters and demisters, of a kind used for cycles or motor vehicles
		85.13	Portable electric lamps designed to function by their own source of energy (for example, dry batteries,

No.	Suggested Simplified headings (56 headings incl. NES)	Scope (HS2, HS4 or HS6)	Selected section, chapter and sub- chapter headings as per HS 2017
			accumulators, magnetos), other than lighting equipment of heading 8512
		94.05	Lamps and lighting fittings including searchlights and spotlights and parts thereof, not elsewhere specified or included; illuminated signs, illuminated nameplates and the like, having a permanently fixed light source, and parts thereof not elsewhere specified or included
34.	Telephones, cellphones, walky-talkies,	85.17	Telephone sets, including telephones for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network), other than transmission or reception apparatus of heading 8443, 8525, 8527 or 8528
35.	Microphones, earphones, loudspeakers and other audio articles and parts thereof	85.18	Microphones and stands therefor; loudspeakers, whether or not mounted in their enclosures; headphones and earphones, whether or not combined with a microphone, and sets consisting of a microphone and one or more loudspeakers; audio-frequency electric amplifiers; electric sound amplifier sets
36.	Audio and video recording apparatus, parts and accessories thereof	85.19	Sound recording or sound reproducing apparatus
		85.21	Video recording or reproducing apparatus, whether or not incorporating a video tuner
		85.22	Parts and accessories suitable for use solely or principally with the apparatus of heading 8519 or 8521

No.	Suggested Simplified headings (56 headings incl. NES)	Scope (HS2, HS4 or HS6)	Selected section, chapter and sub- chapter headings as per HS 2017
		85.23	Discs, tapes, solid-state non-volatile storage devices, 'smart cards' and other media for the recording of sound or of other phenomena, whether or not recorded, including matrices and masters for the production of discs, but excluding products of Chapter 37
37.	Radio, TV apparatus and parts thereof	85.25	Transmission apparatus for radio-broadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras, digital cameras and video camera recorders
		85.26	Radar apparatus, radio navigational aid apparatus and radio remote control apparatus
		85.27	Reception apparatus for radio-broadcasting, whether or not combined, in the same housing, with sound recording or reproducing apparatus or a clock
		85.28	Monitors and projectors, not incorporating television reception apparatus; reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus
		85.29	Parts suitable for use solely or principally with the apparatus of headings 8525 to 8528
38.	Electrical apparatus (Switches/Plugs/Sockets etc.) and parts thereof	85.31	Electric sound or visual signalling apparatus (for example, bells, sirens, indicator panels, burglar or fire alarms), other than those of heading 8512 or 8530

No.	Suggested Simplified headings (56 headings incl. NES)	Scope (HS2, HS4 or HS6)	Selected section, chapter and sub- chapter headings as per HS 2017
		85.36	Electrical apparatus for switching or protecting electrical circuits, or for making connections to or in electrical circuits (for example, switches, relays, fuses, surge suppressors, plugs, sockets, lamp holders and other connectors, junction boxes), for a voltage not exceeding 1000 V; connectors for optical fibres, optical fibre bundles or cables
		85.43	Electrical machines and apparatus, having individual functions, not specified or included elsewhere in this chapter
		85.44	Insulated (including enamelled or anodised) wire, cable (including coaxial cable) and other insulated electric conductors, whether or not fitted with connectors; optical fibre cables, made up of individually sheathed fibres, whether or not assembled with electric conductors or fitted with connectors
39.	Bicycles, motorcycles and parts	87.12	Bicycles and other cycles (including delivery tricycles), not motorised
		87.14	Parts and accessories of vehicles of headings 8711 to 8713
40.	Carriages for infants, disabled persons and parts thereof	87.13	Carriages for disabled persons, whether or not motorised or otherwise mechanically propelled
		87.15	Baby carriages and parts thereof
41.	Sporting and recreational articles, requisites and equipment, parts and accessories thereof	89.03	Yachts and other vessels for pleasure or sports; rowing boats and canoes
		95.06	Articles and equipment for general physical exercise, gymnastics, athletics, other sports (including table tennis) or outdoor games, not specified or included elsewhere in this chapter; swimming pools and paddling pools

No.	Suggested Simplified headings (56 headings incl. NES)	Scope (HS2, HS4 or HS6)	Selected section, chapter and sub- chapter headings as per HS 2017
		95.07	Fishing rods, fish-hooks and other line fishing tackle; fish landing nets, butterfly nets and similar nets; decoy 'birds' (other than those of heading 9208 or 9705) and similar hunting or shooting requisites
		95.08	Roundabouts, swings, shooting galleries and other fairground amusements; travelling circuses and travelling menageries; travelling theatres
42.	Eyewear	90.01	Optical fibres and optical fibre bundles; optical fibre cables other than those of heading 8544; sheets and plates of polarising material; lenses (including contact lenses), prisms, mirrors and other optical elements, of any material, unmounted, other than such elements of glass not optically worked
		90.02	Lenses, prisms, mirrors and other optical elements, of any material, mounted, being parts of or fittings for instruments or apparatus, other than such elements of glass not optically worked
		90.03	Frames and mountings for spectacles, goggles or the like, and parts thereof
		90.04	Spectacles, goggles and the like, corrective, protective or other
43.	Microscopes, telescopes and other optical articles	90.05	Binoculars, monoculars, other optical telescopes, and mountings therefor; other astronomical instruments and mountings therefor, but not including instruments for radio-astronomy
		90.11	Compound optical microscopes, including those for photomicrography,

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			cinemicrophotography or microprojection
44.	Photo and video cameras and parts and accessories thereof	90.06	Photographic (other than cinematographic) cameras; photographic flashlight apparatus and flashbulbs other than discharge lamps of heading 8539
90.08		Image projectors, other than cinematographic; photographic (other than cinematographic) enlargers and reducers	
9620.00		Monopods, bipods, tripods and similar articles	
45.	Navigational and atmospheric measuring instruments (e.g. thermometers, hydrometers, compasses and other)	90.14	Direction finding compasses; other navigational instruments and appliances
90.17		Drawing, marking-out or mathematical calculating instruments (for example, drafting machines, pantographs, protractors, drawing sets, slide rules, disc calculators); instruments for measuring length, for use in the hand (for example, measuring rods and tapes, micrometers, callipers), not specified or included elsewhere in this chapter	
90.25		Hydrometers and similar floating instruments, thermometers, pyrometers, barometers, hygrometers and psychrometers, recording or not, and any combination of these instruments	
46.	Orthopaedic appliances, including crutches	90.21	Orthopaedic appliances, including crutches, surgical belts and trusses; splints and other fracture appliances; artificial parts of the body; hearing aids and other appliances which are worn or

No.	Suggested Simplified headings (56 headings incl. NES)	Scope (HS2, HS4 or HS6)	Selected section, chapter and sub- chapter headings as per HS 2017
			carried, or implanted in the body, to compensate for a defect or disability
47.	Clocks and watches and parts thereof.	91	Clocks and watches and parts thereof.
48.	Musical instruments; parts and accessories of such articles.	92	Musical instruments; parts and accessories of such articles.
49.	Furniture; bedding, mattresses,	94.01	Seats (other than those of heading 9402), whether or not convertible into beds, and parts thereof
		94.03	Other furniture and parts thereof
		94.04	Mattress supports; articles of bedding and similar furnishing (for example, mattresses, quilts, eiderdowns, cushions, pouffes and pillows) fitted with springs or stuffed or internally fitted with any material or of cellular rubber or plastics, whether or not covered
50.	Toys and games, incl. Video games and consoles	9503.00	Tricycles, scooters, pedal cars and similar wheeled toys; dolls' carriages; dolls; other toys; reduced-size ('scale') models and similar recreational models, working or not; puzzles of all kinds
		95.04	Video game consoles and machines, articles for funfair, table or parlour games, including pintables, billiards, special tables for casino games and automatic bowling alley equipment
51.	Festive articles	95.05	Festive, carnival or other entertainment articles, including conjuring tricks and novelty jokes

No.	Suggested Simplified headings (56 headings incl. NES)	Scope (HS2, HS4 or HS6)	Selected section, chapter and sub- chapter headings as per HS 2017
52.	Parts and accessories for clothing and apparel	96.06	Buttons, press-fasteners, snap-fasteners and press studs, button moulds and other parts of these articles; button blanks
		96.07	Slide fasteners and parts thereof
53.	Instruments for writing/drawing/painting	96.08	Ballpoint pens; felt-tipped and other porous-tipped pens and markers; fountain pens, stylograph pens and other pens; duplicating stylos; propelling or sliding pencils; pen-holders, pencil-holders and similar holders; parts (including caps and clips) of the foregoing articles, other than those of heading 9609
		96.09	Pencils (other than pencils of heading 9608), crayons, pencil leads, pastels, drawing charcoals, writing or drawing chalks and tailors' chalks
		96.12	Typewriter or similar ribbons, inked or otherwise prepared for giving impressions, whether or not on spools or in cartridges; ink-pads, whether or not inked, with or without boxes
54.	Art work, paintings, drawings and pastels, executed entirely by hand	97.01	Paintings, drawings and pastels, executed entirely by hand, other than drawings of heading 4906 and other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques
		9702.00	Original engravings, prints and lithographs
		9703.00	Original sculptures and statuary, in any material
55.	Collector items	9704.00	Postage or revenue stamps, stamp-postmarks, first-day covers, postal stationery (stamped paper), and the like, used or unused, other than those of heading 4907

No.	Suggested Simplified headings (56 headings incl. NES)	Scope (HS2, HS4 or HS6)	Selected section, chapter and sub- chapter headings as per HS 2017
		9705.00	Collections and collectors' pieces of zoological, botanical, mineralogical, anatomical, historical, archaeological, palaeontological, ethnographic or numismatic interest
		9706.00	Antiques of an age exceeding 100 years
56.	Miscellaneous goods not elsewhere specified (NES)	Other	Other

ADDENDUM: WTO MEMBER EXAMPLES

Canada: General Harmonized System- Currently in Place

The Canadian GHS duty rate bands (commonly known as 'buckets') that have been operational since 2012 are laid out in the following chart. Effectively, this becomes the chart that is programmed into the API, and there would be one sheet for each participating country with its tailored categories for each band:

BAND 1 – HS 9825100000	MFN RATE	FTA RATE	Federal Tax	Ontario Provincial Tax	Quebec Provincial Tax	Column for each additional Province
Bedding/Linen/Towels/Curtains	20%	FREE	5%	8%	9.975%	
Clothing/Apparel (excluding religious & saris)	20%	FREE	5%	8%	9.975%	
Footwear & parts thereof (including skates)	20%	FREE	5%	8%	9.975%	
Textiles	20%	FREE	5%	8%	9.975%	
BAND 2 – HS 9825200000	MFN RATE	FTA RATE				
Auto Parts (excluding engine/ignition)	8%	FREE	5%	8%	9.975%	
Beauty aids/Cosmetics/Toiletries/Wax/Travel Sets	8%	FREE	5%	8%	9.975%	
Bicycles/Tricycles	8%	FREE	5%	8%	9.975%	
Brushes	8%	FREE	5%	8%	9.975%	
Candy, Chocolate, Snack Foods	8%	FREE	5%	8%	9.975%	
CD/DVD's (prerecorded music)	8%	FREE	5%	8%	9.975%	
Ceramics	8%	FREE	5%	8%	9.975%	
BAND 2 Continued – HS 9825200000	MFN RATE	FTA RATE				
Cleaning/Polishing/Lubricating products	8%	FREE	5%	8%	9.975%	
Clock	8%	FREE	5%	8%	9.975%	
Coffee/Tea Makers	8%	FREE	5%	8%	9.975%	
Cookware/Kitchenware/Tableware	8%	FREE	5%	8%	9.975%	
Golf Clubs/Balls	8%	FREE	5%	8%	9.975%	
Handbags/Wallets	8%	FREE	5%	8%	9.975%	
Hats	8%	FREE	5%	8%	9.975%	
Instruments for writing/drawing/painting	8%	FREE	5%	8%	9.975%	
Jewelry (Finished/Imitation)	8%	FREE	5%	8%	9.975%	
Leather & goods thereof	8%	FREE	5%	8%	9.975%	
Luggage	8%	FREE	5%	8%	9.975%	
Miscellaneous goods not elsewhere specified	8%	FREE	5%	8%	9.975%	
Musical Instruments (Guitars, Keyboards, Drums etc)	8%	FREE	5%	8%	9.975%	
Plastic Articles, NES	8%	FREE	5%	8%	9.975%	
Saris	8%	FREE	5%	8%	9.975%	
Sports Equipment (excluding downhill skis/rackets/hockey sticks/football)	8%	FREE	5%	8%	9.975%	
Textile floor coverings	8%	FREE	5%	8%	9.975%	
Tools, hand held (not powered)	8%	FREE	5%	8%	9.975%	
Umbrellas/Walking sticks/Whips/Crops	8%	FREE	5%	8%	9.975%	
BAND 3 – HS 9825300000	MFN RATE	FTA RATE				
Auto parts for engine/ignition	FREE	FREE	5%	8%	9.975%	
Bicycle parts	FREE	FREE	5%	8%	9.975%	
Cameras & parts/accessories thereof	FREE	FREE	5%	8%	9.975%	
CD/DVD's (blanks/unrecorded)	FREE	FREE	5%	8%	9.975%	
Computers/Laptops & parts/accessories thereof	FREE	FREE	5%	8%	9.975%	
Downhill skis/Hockey sticks/Racquets/Football equipment	FREE	FREE	5%	8%	9.975%	
Electrical apparatus (Switches/Plugs/Sockets etc.)	FREE	FREE	5%	8%	9.975%	
Exercise Bicycles/Stair climbers & parts thereof	FREE	FREE	5%	8%	9.975%	
Eyewear (Sunglasses etc.)	FREE	FREE	5%	8%	9.975%	
Machinery parts, NES	FREE	FREE	5%	8%	9.975%	
Microscopes	FREE	FREE	5%	8%	9.975%	
Motorcycle parts	FREE	FREE	5%	8%	9.975%	
Musical Instrument parts & accessories	FREE	FREE	5%	8%	9.975%	
Novelty/Festive items	FREE	FREE	5%	8%	9.975%	
Phones – Tele/Cell/Head/Ear/Micro	FREE	FREE	5%	8%	9.975%	
Power tools (hand held)	FREE	FREE	5%	8%	9.975%	
Precious gems/metal findings	FREE	FREE	5%	8%	9.975%	

Printed Matter (Printed art/Books/Brochures etc)	FREE	FREE	5%	8%	9.975%
Safety Headgear	FREE	FREE	5%	8%	9.975%
Software	FREE	FREE	5%	8%	9.975%
Toys/Cards/Handicrafts/Hobby crafts	FREE	FREE	5%	8%	9.975%
Video game consoles & Electronic games	FREE	FREE	5%	8%	9.975%
Video/Digital cameras	FREE	FREE	5%	8%	9.975%
Watches & Watch/Clock parts & accessories	FREE	FREE	5%	8%	9.975%

Exceptions:

1. Alcohol, Tobacco, and regulated or controlled goods by any Other Government Agency (OGA).
2. Goods that qualify for any HST/GST exemption. (Shipper must defer to actual HTS classification if the good is tax exempt.)
3. Items subject to additional customs duties (e.g. Excise Tax/SIMA) are not eligible for GHS.

Rules:

1. Individual item value cannot exceed CA\$500 (per the commercial invoice). Goods in the formal/high-value or informal/low-value streams may qualify, based on individual values of the goods imported.
2. Products classified under BAND 1 or 2 that originate from an FTA country, require that the respective tariff treatment coded/applied is noted on the B3 to ensure DUTY FREE status.
3. Formal FTA agreement or statement is not required to use the FTA rates.

Sample EU: General Harmonized System- Notional Chart for Illustrative Purposes

BAND 1 – HS 9825100000	MFN RATE	EU CUSTOMS FTA RATE	UNIOI	VAT Rate Germany	VAT Rate Belgium	Column for each additional EU Country
Bedding/Linen/Towels/Curtains	20%	FREE		19%	21%	
Clothing/Apparel (excluding religious & saris)	20%	FREE		19%	21%	
Footwear & parts thereof (including skates)	20%	FREE		19%	21%	
Textiles	20%	FREE		19%	21%	
BAND 2 – HS 9825200000	MFN RATE					
Auto Parts (excluding engine/ignition)	8%	FREE		19%	21%	
Beauty aids/Cosmetics/Toiletries/Wax/Travel Sets	8%	FREE		19%	21%	
Bicycles/Tricycles	8%	FREE		19%	21%	
Brushes	8%	FREE		19%	21%	
Candy, Chocolate, Snack Foods	8%	FREE		19%	21%	
CD/DVD's (prerecorded music)	8%	FREE		19%	21%	
Ceramics	8%	FREE		19%	21%	
BAND 2 Continued – HS 9825200000	MFN RATE					
Cleaning/Polishing/Lubricating products	8%	FREE		19%	21%	
Clock	8%	FREE		19%	21%	
Coffee/Tea Makers	8%	FREE		19%	21%	
Cookware/Kitchenware/Tableware	8%	FREE		19%	21%	
Golf Clubs/Balls	8%	FREE		19%	21%	
Handbags/Wallets	8%	FREE		19%	21%	
Hats	8%	FREE		19%	21%	
Instruments for writing/drawing/painting	8%	FREE		19%	21%	
Jewelry (Finished/Imitation)	8%	FREE		19%	21%	
Leather & goods thereof	8%	FREE		19%	21%	
Luggage	8%	FREE		19%	21%	
Miscellaneous goods not elsewhere specified	8%	FREE		19%	21%	
Musical Instruments (Guitars, Keyboards, Drums etc)	8%	FREE		19%	21%	
Plastic Articles, NES	8%	FREE		19%	21%	
Saris	8%	FREE		19%	21%	
Sports Equipment (excluding downhill skis/rackets/hockey sticks/football)	8%	FREE		19%	21%	
Textile floor coverings	8%	FREE		19%	21%	
Tools, hand held (not powered)	8%	FREE		19%	21%	
Umbrellas/Walking sticks/Whips/Crops	8%	FREE		19%	21%	
BAND 3 – HS 9825300000	MFN RATE					
Auto parts for engine/ignition	FREE	FREE		19%	21%	
Bicycle parts	FREE	FREE		19%	21%	
Cameras & parts/accessories thereof	FREE	FREE		19%	21%	
CD/DVD's (blanks/unrecorded)	FREE	FREE		19%	21%	
Computers/Laptops & parts/accessories thereof	FREE	FREE		19%	21%	
Downhill skis/Hockey sticks/Racquets/Football equipment	FREE	FREE		19%	21%	
Electrical apparatus (Switches/Plugs/Sockets etc.)	FREE	FREE		19%	21%	
Exercise Bicycles/Stair climbers & parts thereof	FREE	FREE		19%	21%	

Eyewear (Sunglasses etc.)	FREE	FREE	19%	21%
Machinery parts, NES	FREE	FREE	19%	21%
Microscopes	FREE	FREE	19%	21%
Motorcycle parts	FREE	FREE	19%	21%
Musical Instrument parts & accessories	FREE	FREE	19%	21%
Novelty/Festive items	FREE	FREE	19%	21%
Phones – Tele/Cell/Head/Ear/Micro	FREE	FREE	19%	21%
Power tools (hand held)	FREE	FREE	19%	21%
Precious gems/metal findings	FREE	FREE	19%	21%
Printed Matter (Printed art/Books/Brochures etc)	FREE	FREE	19%	21%
Safety Headgear	FREE	FREE	19%	21%
Software	FREE	FREE	19%	21%
Toys/Cards/Handicrafts/Hobby crafts	FREE	FREE	19%	21%
Video game consoles & Electronic games	FREE	FREE	19%	21%
Video/Digital cameras	FREE	FREE	19%	21%
Watches & Watch/Clock parts & accessories	FREE	FREE	19%	21%