

# Traders

CUSTOMS BROKERAGE Ltd.

## **CBSA's Perspective: Harmonized System Compliance**

### **What do we mean by "Harmonized System compliance"?**

The Harmonized System (HS) is the standardized coding system of names and numbers used in international trade. Over 200 countries representing about 98 percent of world trade use the HS as a basis for customs tariffs and the compilation of international trade data and statistics. HS compliance refers to the mandatory proper classification and declaration of goods coming into or leaving Canada. As an importer or exporter, you are responsible for the correct declaration of your goods.

### **Why is the HS important?**

The accurate classification of goods is a crucial component of a healthy and prosperous economy. It ensures a level playing field for all participants and enables governments to monitor the state of the economy and establish appropriate policies.

HS data is assembled from declarations of imports and exports. The data is then used to determine appropriate duty rates, negotiate trade agreements, maintain trade statistics, and effectively identify goods and shipments that pose a risk to the health, safety and security of Canada.

### **How does HS compliance affect you?**

Accurate HS data is of vital importance to the business community. Because this data is timely and detailed, it is one of the few economic indicators that is of immediate use to businesses. The demand for HS data has increased as a result of changes in the international trading environment, globalization, expanded free trade and widespread tariff reductions.

The [Canada Border Services Agency](#) (CBSA) has a multitude of programs, services and legislation to educate the trade community and support voluntary compliance with the HS. The services and programs can be proactive, such as outreach activities, including free information seminars, and reactive, such as trade compliance verifications.

**Note:** Non-compliance can result in delays at the time of release of goods, the suspension of privileges, and monetary penalties assessed under the [Administrative Monetary Penalty System](#).

**For more information:** <http://www.cbsa-asfc.gc.ca/publications/pub/bsf5118-eng.html>