

International Trade

Tariff Treatments

In Canada, there are 18 tariff treatments, all represented by a code on the Customs Coding Form, B3. Sixteen of the tariff treatments will lower the rate of duty normally payable on imported goods, as a result of a free trade agreement or other preferential treatment Canada provides to beneficiary countries.

Most Favoured Nation (MFN) applicable to all signatories of the World Trade Agreement (WTO)

General Tariff (GT) rate of 35% applicable to any countries that have not signed the WTO

Australia Tariff (AUT)

New Zealand Tariff (NZT)

Commonwealth Caribbean Countries Tariff (CCCT) applicable to certain Caribbean countries

Least Developed Country Tariff (LDCT) applicable to 49 least developed developing nations

General Preferential Tariff (GPT) applicable to developing nations

NAFTA United States Tariff (UST)

NAFTA Mexico Tariff (MT)

NAFTA Mexico-United States Tariff (MUST)

Canada-Israel Agreement Tariff (CIAT)

Chile Tariff (CT)

Costa Rica Tariff (CRT)

Iceland Tariff (IT)

Norway Tariff (NT)

Switzerland-Liechtenstein Tariff (SLT)

Peru Tariff (PT)

Colombia Tariff (COLT)

Conditions for goods to benefit from duty-free or reduced tariffs under preferential treatments:

- they must be eligible (i.e. sufficient manufacturing performed in the country of origin),
- the importer must possess valid proof of origin, normally a certificate of origin signed by the exporter in the beneficiary country, and
- they must be shipped directly from the beneficiary country with or without transshipment.

For certain textile goods originating in North America under NAFTA tariff treatment codes 10 and 11, Chile code 14, and Costa Rica code 21, even if they do not meet the rules of origin, duty-free treatment may apply under 'Tariff Preference Level' (TPL).

As an importer, what you know about international preferential tariff treatments – can make a big difference in keeping your shipping processes efficient and cost-effective.

Taking advantage of preferential tariff treatments

As an importer, you could be entitled to preferential tariff treatments as a result of trade agreements, provided your goods meet the required criteria.

If your goods meet the criteria set out, you can take advantage of some or all of these Preferential Tariff Treatments.

International preferential tariff treatments – Including General Preferential Tariff, Least Developed Developing Country, Caribbean Commonwealth Country Tariff Treatment, Canada Israel Agreement Tariff, and Chile Tariff.

Preferential tariff treatments (i.e. duty-free tariffs in many cases) are offered on the condition that certain direct shipment and proof of origin requirements will be satisfied. Depending on the commodity exported, additional documentation may be required.

Introducing the Near North One-Step International Trade Program

The One-Step International Trade Program is a Near North premium customs brokerage option allowing our clients to ensure that they are taking advantage of all International Preferential Tariff Treatments.

The Near North One-Step International Trade Program will help you ensure you are taking advantage of all maximum duty savings and helps you to minimize your risk Under Canada's new Administrative Monetary Penalty System (AMPS); significant fines (ranging up to \$5,000 per instance) can be assessed for using an incorrect tariff treatment or for the failure to have a valid certificate on hand at the time of import. Penalties for recordkeeping infractions of up to \$25,000 may also be levied by Customs.

Contact us today for more details: consulting@nearnorthcustoms.com

