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Harmonised system codes

FACT SHEET // OCTOBER 2020

Harmonised system codes

1. Introduction

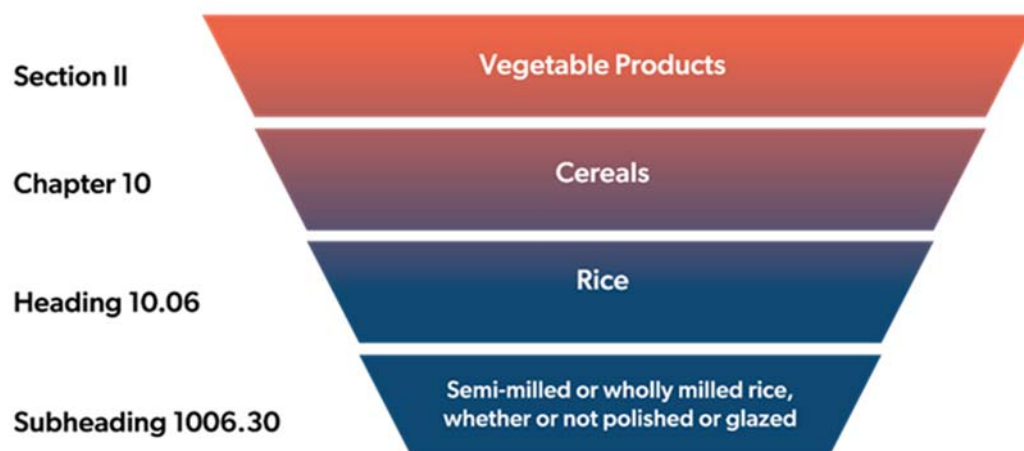
The Harmonised Commodity description and Coding System, usually abbreviated to the harmonised system (HS), is an international nomenclature for the classification of products. It is maintained by the World Customs Organisation. It was originally introduced in 1988 though has undergone several changes (with a further change due to take effect from 1 January 2022). Over 200 countries have adopted this classification system which allows them to classify traded goods on a standardised and common basis for the purpose of customs clearance. More than 98 per cent of goods traded internationally are classified by HS codes.

2. What are HS Codes?

At the international level, the HS uses a six-digit code and covers around 5,224 article or product descriptions that appear as headings and subheadings, arranged in 21 sections and 99 chapters. As far as possible, sections and chapters are arranged in the order of a product's degree of manufacture or its technological complexity. So natural commodities, such as live animals and vegetables, are described in the early sections, whereas products such as machinery are described in later sections. Chapters are also normally organised in order of complexity or degree of manufacture. Lastly, headings follow a similar order.

The six digits of the HS code can be broken down into three parts. The first two digits (HS-2) identify the chapter, for example, 08 = Fruit and nuts, edible; peel of citrus fruit or melons. The next two digits (HS-4) identify heading within that chapter, for example 08.04 = Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens; fresh or dried. The last two digits (HS-6), the sub-heading, are even more specific, for example, 08.04.40 Fruit, edible; avocados, fresh or dried. Up to the HS-6 digit level, all countries classify products in the same way, though there are exceptions where some countries still apply old versions of the HS. Some countries, such as Sri Lanka, have added extra digits to give even finer classification.

Figure 1: Example of the HS hierarchy



Source: online at https://en.wikipedia.org/wiki/Harmonized_System

3. The Purpose of HS Codes

As well as allowing countries to record accurate trade data, the HS codes allows for the imposition of duties and tariffs. Importers will thus need to know the HS code for any products that they are importing. Where countries use 8 digits, the tariffs are set at the 8-digit level.

Using the correct code is important tariffs are based the codes and use of the wrong code may lead to higher tariffs than necessary being paid. Customs may interpret the use of an incorrect code as non-compliant, misleading or even a misdeclaration, which can result in the imposition of financial penalties. However, using the correct code is not always straightforward as interpretation may differ between countries and customs authorities. If in doubt, contact the customs service or a customs clearance company for advice. In most countries, it is also possible to seek 'advance customs rulings'.

4. Useful information

- The harmonised system database is available, via subscription, at the World Customs Organisation website (<http://www.wcoomd.org/en/topics/nomenclature/instrument-and-tools/tools-to-assist-with-the-classification-in-the-hs/hs-online.aspx>)

- You can access a copy of the HS codes here
<http://unstats.un.org/unsd/tradekb/Attachment439.aspx?AttachmentType=1>
- Foreign Trade online has a good website which makes it easy to find HS codes. See
<https://www.foreign-trade.com/reference/hscode.htm>

5. Useful contacts

World Customs Organisation: <http://www.wcoomd.org>

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