



Introduction to the Harmonized System of Classification

The Harmonized System of Classification

The Harmonized System (HS) of Classification, finalized in Brussels in 1988 and adopted by the United States in 1989, served to conform the classification systems used for imported and exported products by governments worldwide. All products traded between nations are now classified the same way by six-digit HS product classification codes. In the United States, the HS system replaced two different classification systems, one used for imports, the other for exports. The Harmonized System is updated by the World Customs Organization's (WCO) Harmonization Committee. The Agency in the United States which maintains the US Harmonized Tariff is the US International Trade Commission (ITC).

In the United States, the Harmonized System for classifying imports is incorporated into the Harmonized Tariff of the United States (HTUSA). Key sections of the HTUSA are:

- ▶ The General Rules of Interpretation (GRI) and the Additional U.S. Rules of Interpretation, which set down the basic procedure for classifying products;
- ▶ 98 Chapters, broken down into 22 Sections, which contain the specific HS classification codes for all products (Chapter 77 is reserved); and
- ▶ Various indexes for use in the classification process.

The HS Code: Construction

In the United States, imported (and exported) products are classified to 10 digits; the basic 6-digits of the international Harmonized System, with an additional 4 digits added at the end. Duty rates are determined at the Rate Subdivision level. U.S. HS codes are expressed in the format: **NNNN.NN.NNNN**. HS codes begin with the Chapter number of the chapter containing the product, and are determined as follows:

Example: Anti-Infective Drug

Chapter	00	30	Pharmaceutical Products
Heading	0000	3004	Medicaments..in measured doses..
Sub Heading	0000.00	3004.90	Other...
Rate Subdivision	0000.00.00	3004.90.91	Other
Statistical Subdivision	0000.00.0000	3004.90.9110	Other Anti-infectives

An up-to-date version of the HTUSA may be browsed or downloaded online at the US International Trade Commission's website: <http://www.usitc.gov/tata/hts/bychapter/index.htm>



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HTUSA Notes

In addition to the 10-Digit HS classification codes, the U.S. Harmonized Tariff also contains four levels of “Legal Notes”. These notes serve to clarify classification and duty determination through additional rules and specific exclusions. The four levels of Notes are:

- ▶ General Notes Located at the beginning of the HTUSA, these notes contain the basic U.S. rates of duty and the various special duty programs (such as NAFTA and the Caribbean Basin Initiative) as legislated by Congress. One such program is the Agreement on Trade in Pharmaceutical Products, explained below.
- ▶ Section Notes For each of the 22 sections in the HTUSA, Section Notes are included which pertain to the Chapters within the Section. Section Notes serve to exclude specific products from classification within its Chapters, and to further define what the Chapters cover.
- ▶ Chapter Notes Each Chapter begins with Chapter Notes, which serve similar purposes as do the Section Notes.
- ▶ Footnotes Occasionally, specific HS classification codes will be marked for a Footnote. These usually direct the user to other classifications or indexes within the HTUSA.

When determining the HS classification code for an imported product, careful consideration must be given to all levels of HTUSA Notes.