



# Canada's Low-Value Shipments Policy Regarding the Application of Customs Duties

WTO Working Group on Micro, Small and  
Medium-sized Enterprises

September 2021

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# Revenue Collection at the Border

Goods and Services Tax (GST)

Harmonized Sales Tax (HST)

Provincial Sales Tax (PST)

Customs Duty

Excise Tax and Excise Duties

Provincial Tobacco Taxes

## Canada Border Services Agency (CBSA)

Assesses customs duties and taxes owed to the Government of Canada

## Department of Finance Canada (FIN)

Sets revenue policy concerning the remission of customs duties, sales and excise taxes

## Canada Revenue Agency (CRA)

Responsible for intake of government revenue



# Accounting models in Canada

- Two primary models used to facilitate revenue collection

## Intermediary Collection Model

- Intermediaries in the supply chain, such as couriers and brokers, remit duties and taxes on behalf of the purchaser.

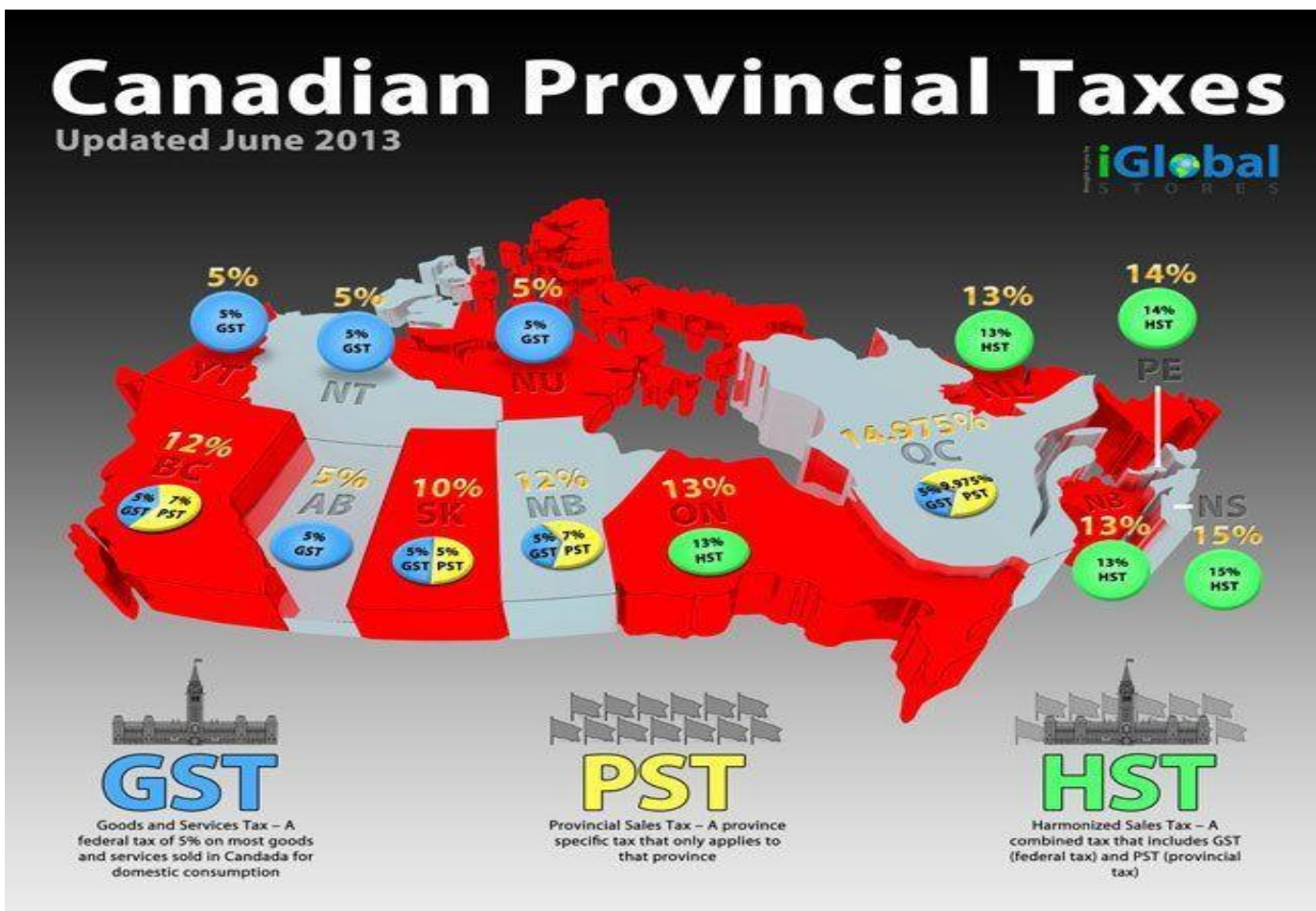
## Buyer/consumer model

- The purchaser is required to self-account and pay duties and taxes through either a pre-release or post-release model.

Note: In the buyer/consumer model, duties and taxes are assessed by customs officers



# Canada's Tax structure



Source: Dandelion Web Design



## Low-Value Threshold and De Minimis



CAD\$3,300 Low-Value Threshold

Renewed De Minimis for Courier Remission Import Order (CIRO) only



# Courier Imports Remission Order (CIRO)

## Category 1

CAD\$0 to \$20 (other than those imported from the United States or Mexico)

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## Category 2

CAD\$0 to \$40 (imported from the United States or Mexico)

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## Category 3

CAD\$40.01 to \$150 (imported from the United States or Mexico)

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## Category 4

CAD\$150.01 or greater subject to any applicable duties and taxes when imported from any country

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Note: Goods with a value for duty CAD\$20.01 or greater that are imported from any country other than the United States or Mexico will continue to be subject to any applicable duties and taxes.



# Postal Imports Remission Order (PIRO)

- The PIRO grants remission of customs duties and taxes on goods imported by mail from any country and having a value for duty not exceeding CAD\$20.

## Items that do not qualify for the exemption:

- alcohol and tobacco products;
- Casual donations (i.e., gifts); and
- books, newspapers, magazines, periodicals and other similar publications.

## Exceptions:

- (a) imported goods that are purchased from a retailer in Canada and mailed to the purchaser directly from a place situated out of Canada;
- (b) imported goods that are purchased or ordered through or from an address, a post office box or a telephone in Canada; or
- (c) goods imported by a person other than the person in Canada who ordered or purchased the goods.

# Courier Low Value Shipment (CLVS) Program



## Eligibility Requirements

- Imported by authorized courier
- Goods valued at CAD\$3,300 or less
- Goods are not controlled, prohibited or regulated
- Available in Air and Highway modes of importation

## Program Benefits

- Streamlined and simplified customs processing of express shipments
- Reduced advance data set
- Immediate release upon arrival (prior to payment), unless shipment is chosen for examination
- Extended accounting timeframes and the consolidation of information

**Note: CLVS Program under moratorium**





# Generic Harmonized System (GHS)

- Simplified tariff classification process for qualified postal and courier imports.
- Option to apply one of three generic Most-Favoured-Nation (MFN) tariff rates based on “special classification provisions” found in Chapter 98 of Canada’s *Customs Tariff*.
- The use of GHS is optional and may be used in lieu of more detailed classification and the rates found under regular tariff provisions.
- Minimal impact on tariff revenues, no impact on sales tax revenues, and facilitates the processing of low-value casual shipments.

## GHS Tariff Structure

Tariff Item	MFN Tariff	Preferential Tariff Treatment
9825.10.00	20%	e.g. UST/MT/ CT - Free
9825.20.00	8%	e.g. UST/MT/ CT - Free
9825.30.00	0%	e.g. UST/MT/ CT - Free



## GHS Eligibility and Process Requirements

- Postal and courier imports with values less than CAD\$500.
- Goods imported for personal or household use only (i.e., casual).
- A rate of customs duty applied under this tariff cannot be less than or greater than 5 percentage points than the rate provided under the provisions chapters 1-97.
- Preferential tariff treatments may apply based on of origin the goods and trade agreements in place (e.g., US – Free).



## Exclusions – Ineligible Goods

Ineligible goods include the following:

- Alcoholic beverages; tobacco products; goods subject to any additional customs duty, such as excise tax.
- Goods that require before release, any certificate, license, permit or other document and any information that prohibits, controls or regulates the importation of goods.
- GST/HST exempt commodities (e.g., drugs and biological, medical & assistive devices; basic groceries; agriculture and fishing).

**Important:** Full details of eligibility can be found in *Customs Tariff*, [Chapter 98](#).



## Additional Resources

- *De minimis* thresholds for duties and taxes
  - [Courier Imports Remission Order \(SI/85-182\)](#)
  - [Postal Imports Remission Order \(SI/85-181\)](#)
- CLVS Program
  - [Memorandum D17-4-0, Courier Low Value Shipment Program](#)
- GHS Classification
  - *Customs Tariff*, [Chapter 98](#)
- Accounting
  - [D17 series - Accounting and Release Procedures](#)



# Questions ?

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