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

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

September 2021
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)

<table>
<thead>
<tr>
<th>Category 1</th>
<th>CAD$0 to $20 (other than those imported from the United States or Mexico)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category 2</td>
<td>CAD$0 to $40 (imported from the United States or Mexico)</td>
</tr>
<tr>
<td>Category 3</td>
<td>CAD$40.01 to $150 (imported from the United States or Mexico)</td>
</tr>
<tr>
<td>Category 4</td>
<td>CAD$150.01 or greater subject to any applicable duties and taxes when imported from any country</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Tariff Item</th>
<th>MFN Tariff</th>
<th>Preferential Tariff Treatment</th>
</tr>
</thead>
<tbody>
<tr>
<td>9825.10.00</td>
<td>20%</td>
<td>e.g. UST/MT/ CT - Free</td>
</tr>
<tr>
<td>9825.20.00</td>
<td>8%</td>
<td>e.g. UST/MT/ CT - Free</td>
</tr>
<tr>
<td>9825.30.00</td>
<td>0%</td>
<td>e.g. UST/MT/ CT - Free</td>
</tr>
</tbody>
</table>
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?

Stéphanie Brière, Manager
Postal and Courier Programs
Stephanie.briere@cbsa-asfc.gc.ca OR
LVS-EFV@cbsa-asfc.gc.ca