



MASTERING YOUR E-COMMERCE OPERATIONS

Your Guide To Tackling Customs



INTRODUCTION

Expanding beyond Canada offers merchants an enormous opportunity to grow. But for many businesses, it's an opportunity that remains under-explored or completely untapped.

A major reason behind the reluctance to expand globally is the idea that international shipping will be too difficult – and it's Customs that's proving to be the biggest stumbling block.

But navigating Customs isn't as complicated as some merchants think.

We've created this short guide to help businesses like yours tackle Customs with confidence.

It's broken down into five key areas that together will provide the guidance you need to get your products into the hands of a growing base of international customers.

In this guide

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1. Know what you can and can't ship across borders

2. Understand how duties and taxes work

3. Fill out the Customs forms accurately and in detail

4. Learn the Customs process

5. Know the ins and outs of shipping to the U.S.



1. Know what you can and can't ship across borders

Before you dive into cross-border shipping, it's vital to find out if there are any rules or regulations governing the shipment of your products to the country you want to ship them to. These regulations fall into two main categories: restricted and prohibited.

- **Restricted** means that special provisions must be met by the merchant before the item will be released from Customs and allowed to enter the destination country. These special provisions may include a certificate, a licence, a form, or certain packaging requirements.

Examples of restricted items in some countries include weapons, certain cosmetics, perfumes that contain alcohol and lithium batteries.

- **Prohibited** means the item is not allowed to be exported to the international destination at all. If you attempt to ship a prohibited item to that destination country, it will most likely be seized and possibly destroyed by Customs. Only in some instances do Customs return prohibited items to the sender.

Examples of prohibited items can include live animals, misbranded items and cigarettes.

The list of restricted and prohibited items varies widely by country, and can include surprising items. So it's important not to assume that your products can be exported as is.

Make sure to use the **Canada Post International Destination Listing**. It's an essential online resource that enables you to search by country to view their import restrictions and prohibitions.



*Canada Post communicates any shipping services restrictions or suspensions related to weather, politics or circumstances beyond our control. Visit **International Mail Service Suspension** before you send.*



2. Understand how duties and taxes work

To help you get the most out of the cross-border opportunity, you'll want to gain a basic understanding of how international duties and taxes work. A good place to start is with the De Minimis.

The De Minimis

Most countries have set an exemption value that allows orders under that value to enter the country duty-free. This De Minimis varies by country. For instance, it is \$800 in the U.S. and just €22 in many European countries (i.e. Belgium, Denmark, Finland, France).

With \$800 set as the U.S. De Minimis value, Canadian merchants have a great opportunity to expand south of the border. It means no additional fees need to be paid by you or your customers to ship orders under \$800 – which means better margins and higher conversion rates.

Keep in mind, though, that certain products in the U.S. may not qualify for the exemption, regardless of value. Find out more about the U.S. in [section 4](#) of this guide.

Who pays for duty?

The answer to who pays for duty depends on how you ship the package – through the postal network (which means sending through Canada Post) or the commercial network (such as UPS, FedEx or DHL).

Postal network: When sending items through the postal network, it's the responsibility of the recipient to pay any duties. Customs officials will determine how much duty will be applied based on the information you have provided about the value of the shipment, country of origin, materials used to manufacture the product, etc.

Visit [Canadian Border Services](#) for more details.

Commercial network: When you send items through the commercial network the payment of duties and taxes can be the responsibility of the merchant or the recipient, depending on terms of sale.



Communication upfront is key. To manage customer expectations and avoid cart abandonment, it is best to make your customers aware of all costs associated with the transaction before they check out – including the possibility of paying duties and taxes.



3. Fill out the Customs forms accurately and in detail

To clear Customs, merchants must provide officials with the information they need to do their inspections. This information – i.e., the value of the item being shipped, the description of the item, in some cases where the item was manufactured – is provided on a Customs form.



When you ship with Canada Post, the customs form is integrated right into your shipping label...it's easy!

The most important takeaway for merchants is this: when you fill out the form, do it accurately and provide details when describing the contents of the package. Doing so will help you clear the primary inspection and ultimately get your order to your customers faster.

At Canada Post, we provide all the required shipping and customs labels through our shipping tools, allowing for an easy and simplified creation of shipping labels. Want a view of the fields and information needed on the customs form? Download *Your Guide to International Shipping* at canadapost.ca/intlguide.

Note: If you are sending your package through the commercial network (UPS, FedEx or DHL), you will also need to provide extra information on your Customs form. This includes the country where your item was manufactured and the Harmonized System code. The HS code is a classification used during the Customs process and is optional in the postal network.

DID YOU KNOW?

Globally, the Customs process is starting to be automated. That means, increasingly, your Customs information will be electronically sent to Customs officials once you fill out your form – and that means your package can make it across borders and to your customers even faster.



4. Learn the Customs process – it's not as complicated as you think

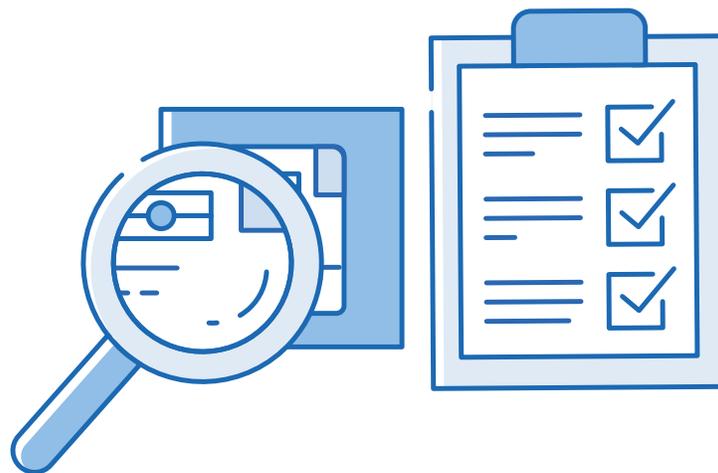
While all goods shipped internationally are subject to the specific Customs laws and regulations of the receiving country, the postal Customs process is similar for most countries. It looks like this:

The primary inspection

Once the package is received in the destination country it begins the Customs process, which starts with the primary inspection.



- In this stage, the information on the customs declaration is verified (ex: sender, receiver, value, commodity, etc.) and the item is visually inspected by a Customs official who decides whether to clear the item for delivery or forward it for a secondary inspection.
- A package is generally cleared in this stage if the Customs form is filled out correctly, if there are no restrictions or prohibitions on the item, and if the value of the goods being shipped is declared to be under the De Minimis threshold.
- From here, your package is cleared for delivery and handed off to the destination country's postal network.





The secondary inspection



There are several reasons a shipment may be subject to a secondary inspection:

- Its value exceeds the De Minimis and duties need to be assessed by a Customs official.
- The shipment includes items requiring further inspection by other government agencies such as the Federal Communications Commission (FCC), Food and Drug Administration (FDA), etc. to determine whether the shipment is compliant with import laws of the destination country.
- Customs may find some aspects of the package suspicious and wish to perform a more in-depth inspection. This could include mis-declaration of value, suspicious content, etc.
- Once your package clears the secondary inspection, it's cleared for delivery.

Packages that are denied clearance

During the secondary inspection, packages are generally denied clearance if they're found to contain items that are non-mailable matter, prohibited, or that are restricted and the merchant has failed to provide the necessary documentation.

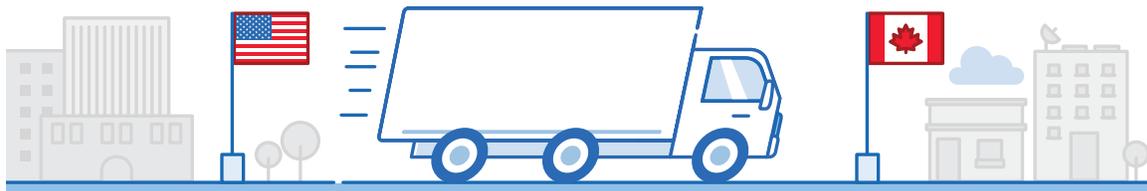
How do customs and duties get assessed? Read the Canada Post blog post on the customs process. canadapost.ca/customsprocess



To help you pass the primary inspection – and achieve a faster delivery process – provide as much detailed product information as possible on the customs form. See the next section!



5. Know the ins and outs of shipping to the U.S.



The U.S. offers much opportunity for Canadian businesses, especially given the high \$800 De Minimis. To fully capture this opportunity, it's wise to master and stay on top of the rules and regulations of U.S. Customs. Here are a few examples of rules to be aware of:

Shipping food

The U.S. Food and Drug Administration (FDA) requires prior notice on all products for human and animal consumption that are sent into the U.S.

The prior notice confirmation must be listed on the package to allow U.S. Customs and Border Protection to reconcile the filling with the FDA.

For more information, visit [fda.gov/food/food-imports-exports/importing-food-products-united-states](https://www.fda.gov/food/food-imports-exports/importing-food-products-united-states)

Shipping electronics

While electronic products do not require additional paperwork or electronic filing, they do need to comply with the U.S. Federal Communications Commission regulations.

Visit [here](#) for more information.



Prohibited items and restrictions in the U.S.

Examples of restricted items	Examples of prohibited items:
 cosmetics	 cured and dried meat
 coffee	 charcoal briquettes
 fruits and nuts	 plant and plant products
 fish products	 radiation-emitting electronic products
 insects and reptiles	 reprints of U.S. copyrighted work
 pharmaceutical products	

There are dozens of restricted and prohibited items for the U.S. Find the full list in the [Canada Post International Destination Listing](#). Use this listing when shipping to other countries.

Meet customer expectations, in the U.S. and beyond

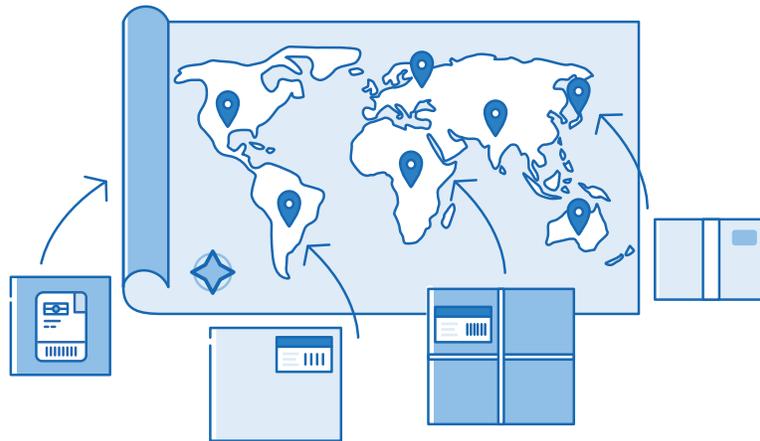
- 1. Delivery standards:** The lack of delivery information at checkout negatively affects conversion. It's important to let your customers know how long it will take to receive their package.
- 2. Tracking:** Providing customers the ability to track their order has become an e-commerce best practice – and a customer expectation. But it offers you benefits as well, including fewer customer service calls and queries.
- 3. Additional features:** Give your global customers reasons to trust you. Provide them with peace-of-mind service features like signature confirmation, delivery confirmation, liability coverage and on-time delivery guarantee.*

[Learn more about the Canada Post services available to you here.](#)

*Additional features are available for certain products to limited destinations.



CANADA POST CAN HELP



Global Shipping can be daunting – but taking the time to learn the steps and requirements makes it worth it.

At Canada Post, we're committed to helping you grow your business in international markets. Here's how:

1. **Worldwide access:** Canada Post has a global network and partnership with worldwide postal operators. Products can be delivered from anywhere to anyone, including remote locations.
2. **Convenience:** It is simple, easy and convenient to ship goods in just a few clicks with Canada Post's integrated shipping tools.
3. **Affordable:** Canada Post offers competitive pricing for both low- and high-volume shippers.
4. **Flexibility:** Canada Post has a variety of shipping services to help you provide the best final mile experience around the world. Whether its speed, signature, etc. – we've got you and your customer covered!
5. **Expert Help:** We're just a phone call away to provide guidance, tips and support at every step.

Want to grow your business internationally? Need more information? Download our *Guide to International Shipping* at canadapost.ca/intlguide.

Canada Post has representatives all over Canada who are ready to assist you.

Contact an international shipping expert for a free consultation at **1-866-282-7170** or visit us at canadapost.ca/intlsupport

