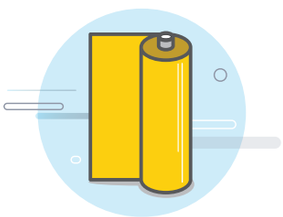


The Complexity of Cross-Border Classification

How do you ship items internationally? Put them in a box, tape it securely, address it to the proper address in the proper format, and send it on its way. But there's more to it than that. When dealing with cross-border sales, there's a lot to consider in terms of shipping documents and tax compliance. The first step to getting them right is proper item classification.

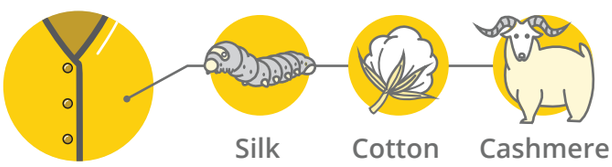
The classification of a physical good and assignment of a Harmonized System code (commonly referred to as an HS code or tariff code) determines the proper customs duty based on an item's "essential character."

For instance, knitted cotton fabric has a HS code of 6003.20, with an essential character of, well, a knitted fabric made of cotton.



But if that same fabric is used to make a women's sweater, the essential character changes, and so does the HS code. It's now 6110.20.





Materials also change the code. That women's sweater gets a new code if it's made out of silk, cotton, cashmere, etc. Blended fabrics are classified based on the chief weight, or primary material used.



Here are codes for Men's vs. Women's cotton knitted sweater in the US:
Women's or girls': 6110.20.1020
Men's or boys': 6110.20.1010

Gender and age play a role in classification determinations. Similarly designed sweaters made of identical fabrics but designed for men, women, or children all have different codes.

Now multiply that complexity by every item in the world, then by every country in the world, and by every listed variation.





CANADA
6110.20.0012
General duty rate 18%



USA
6110.20.1020
General duty rate 5%



EU
6110.20.9900
General duty rate 12%



Japan
6110.20.029
General duty rate 10.9%

It's no wonder people often opt to automate item classification. And good news: Avalara has a solution to do just that.

Get started

Explore Avalara Item Classification

Go to avalara.com/goglobal

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