



DETERMINING DUTIES AND TARIFFS

WHAT ARE TARIFFS AND DUTIES?

The terms 'duties' and 'tariffs' may be used interchangeably. Both terms refer to a product-specific tax, which is imposed by the customs authorities of a particular country on imported goods. This is usually the case when an overseas company exports products to another country and a duty or tax is placed on those goods by the receiving country. Additionally, there may be other charges like a value added tax (VAT) added to the cost of the products by the importing country government. **See VEDP Export Issues FastFact - Foreign Trade Barriers** It is important to consider the effects of tariffs, taxes, port handling fees and other miscellaneous customs charges when determining your product's final cost. Depending on your product and country of destination, customs and shipping charges will impact the price your buyer is able to pay for your product. Typically, the importer (buyer) is responsible for paying these charges. However, the responsibility for paying customs and shipping charges ultimately depends on how you define the "terms of sale" (the INCOTerm) with your buyer.

See VEDP Export Issues FastFact- INCOTERMS

Knowing the tariff that will be applied to your product will not only help you price your product, it will also help you work with your overseas customers and accomplish long-term goals.

DETERMINING TARIFFS ON YOUR GOODS

Each country has its own unique tariff schedule that is itemized using the Harmonized Tariff Schedule (HTS) codes. When looking on the internet or talking to an expert to determine your product's tariff rate, you must know the country to which you are shipping and the HTS code for your product. **See VEDP FastFacts- Identifying Markets and Determining HTS Codes**

The VEDP's Division of International Trade can help Virginia companies begin the process of identifying foreign tariffs. Additionally, the Trade Information Center (TIC) of the United States Department of Commerce is a good source for tariff information. To contact TIC, call 1-800-USATRADE or visit their website at http://www.export.gov/logistics/eg_main_018130.asp. The TIC website has many resources you can use to determine the tariff on your product, including:

- Interactive Tariff Database: an online database containing tariff information for 20 countries, including the European Union members, Australia, and Canada.
- European Union Tariff Schedule Online: EU tariffs by HTS chapter number. Tariff schedule is harmonized for all 27 European Union member countries (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia, Romania, and Bulgaria)
- Links to country-specific tariff information, taxes, and other customs information.
- Foreign customs authorities contact information. Official tariff rates are provided by each country's Customs authority only.
- Private sector sources for tariff, tax, and other customs information.
- The International Customs Journal, published by the International Customs Tariffs Bureau, covers duties indexed by HTS numbers for individual countries.



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A Binding Tariff Rate Ruling

Information from the VEDP and TIC can give you a good idea of the tariff rate for your goods, but only the customs authority of the country to which you are shipping can provide a binding tariff rate ruling, which is the most accurate and official tariff rate for your product. Some countries have online “tariff calculators” that let you enter the HTS number of your goods and it calculates the tariff rate. In the absence of such a service, the American exporter can request a binding tariff rate ruling from a freight forwarder. Be prepared to supply detailed product information to the freight forwarder and to possibly pay a fee for the service. Alternatively, the American exporter can contact the foreign country’s embassy in the United States (see Additional Resources below). Typically, the Trade or Economic Section of the embassy will be able to help you determine the best way to find your tariff information. Finally, you can use the country-specific contact information provided by the TIC.

VEDP TRADE EVENTS

The VEDP participates in numerous trade events around the world that are open to all Virginia exporters. For a complete listing of VEDP’s international trade events, please visit the “Events” tab on our website: www.ExportVirginia.org

VEDP CONTACT INFORMATION

Virginia Economic Development Partnership

Division of International Trade

P.O. Box 798, 901 East Byrd Street

Richmond, Virginia 23218-0798

Tel: (804) 545-5765 Fax: (804) 545-5751

E-mail: clientservices@yesvirginia.org Website: www.exportvirginia.org

ADDITIONAL RESOURCES

- Trade Information Center: http://www.export.gov/logistics/eq_main_018130.asp 1-800-USA-TRADE
- United States Department of Commerce: www.commerce.gov

WORKS CITED

United States. Department of Commerce. International Trade Administration. Trade Information Center. 2008. <<http://www.export.gov/index.asp>>

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