

International Mail, Customs and Your Customer

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Editor

*Guide to Worldwide Postal-
Code and Address Formats*



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Any international shipment entering a country must pass through customs. As international ecommerce sales increase, more mailers face a confusing array of customs rules and procedures. Those customs issues affect both the mailer and the recipient and can lead to unhappy customers asking for a refund. While there are services that assist with customs documents for mailers and shippers, the mailer or shipper is responsible for any errors – and for any fines or fees – making it important for the mailer or shipper to have a basic understanding of the process and the requirements. But the recipient – your customer – is responsible for the customs duty or taxes.

Most customs regulations and procedures were developed when shipments were mainly from large companies to other companies in very large quantities, with the largest volumes carried by container ships. Some special procedures were developed for smaller shipments through postal operators that simplified the process used to ship large quantities. While increasing in volume and in value, small shipments and shipments to individuals remain a minor fraction of the total merchandise shipped internationally. The regulations that an international mailer faces are a combination of these further modified by the security needs of a post-9/11 world.

Some countries, particularly less developed nations, tax both imports and exports. Export taxes are uncommon among developed nations and are banned in the U.S.A. by the U.S. Constitution. Except in unusual circumstances, export taxes do not affect mail. However, if you are considering fulfilling orders for merchandise by mail from a less developed country, inquire about potential export taxes.

Many mailers and others in the postal arena believe that customs clearance of postal matter is quicker and simpler, with fewer questioned goods. In the past few years, there has been a great deal of discussion about a "level playing field" – equal treatment – in the customs processing of incoming postal matter and of commercial shipments. ("Postal matter" defined simply includes letters and parcels which arrives in a country through a postal operator and on which the postage has been paid in another country. If the items are being sent to another country and the postage will be paid in that country, it's a commercial shipment when until it's accepted by the postal operator – and postage is paid.) While international organizations and governments have stated a commitment to the level-playing field concept, including enactment into laws, some private companies and experts in international postal and shipping matters argue that the customs procedures continue to favor the clearance of postal matter.

So, postal matter is subject to customs inspections and duties like any other goods entering a country. Customs documentation is required for all mail as it is for other shipments. There is an exception for documents which will be discussed below. It is important to note that customs is separate from and outside the jurisdiction of postal administrations. A postal operator may be useful in identifying customs problems but may not be able to assist in resolving them, since customs is a separate government entity. (The postal operator or a logistics company may also be able to assist by bringing on-going customs problems to the attention of the appropriate agency.)

There are three discrete problems created by customs for international mailers.

1. Each country – more than 190 of them – sets its own customs regulations specifying goods subject to customs fees or restrictions, material subject to additional import or export requirements (such as special permits or licenses), and the rates at which duties and taxes are charged on the different types of goods.
2. Customs reviews and inspections can slow mail delivery and may create a substantial delay.
3. Any taxes or fees must be paid before the item is delivered to the recipient.

Customs officers are generally responsible for enforcing a number of national and international restrictive regulations, such as the ban on items related to endangered species or those on dangerous goods, in cooperation with other agencies such as police or security groups. They have the authority to open and inspect packages and can re-assess the value of the goods if they believe that they are valued

incorrectly. Minor errors are normally not sufficient to prevent delivery. Fines can be levied for errors but may be waived for minor or occasional mistakes. Persistent problems with a particular type of product, a particular company or individual, or shipments between certain countries may make delays, inspections, and confiscations more likely.

Any duties or taxes levied by customs must be paid before the goods are delivered. Most often, the intended recipient will be asked to pay them. These fees can be substantial and may make the cost of the goods higher than the recipient is willing to pay. They will assuredly be higher than the recipient anticipates if the recipient is unaware of the customs process, such as an individual who may not expect this cost. Some companies have developed services for Internet retailers to allow an accurate estimate of the duties and taxes at the time of sale, letting the retailer make the customer aware of these costs before final purchase.

There is substantial disagreement about whether customs duty is a problem in the continued development of international e-commerce. Some sources claim that duty has a negligible effect on the acceptance of packages by purchasers in other countries. Others assert claim that duty plays a part in many rejected or returned items. Making the purchaser aware of the duty before the purchase is completed can certainly save the retailer the hassles associated with returned items and refunds. There providers of solutions and software to accomplish this and, as interest is increasing in ecommerce, an increase in these products is likely.

What is taxed and at what level varies by country, as does the minimum value that is taxable, often referred to as the de minimus value. (That is, an imported item with a value greater than the de minimus is taxable.) For example, the de minimus value in Canada is CAN\$20.00 (about US\$18.15 or €14.05) and the import duty averages 8.56% but varies from 0% to 35%. For the United Kingdom, no customs duty is charged on items under £135 (about US\$217.20 or €168.15) in value or if the duty is less than £9 (about US\$14.50 or €11.20) and duty ranges from 0%to 17%. There can also be special charges based on the country of origin for the goods (where they were manufactured, not where the shipment originated). These can be quite high when they are imposed punitively.

Fortunately, a number of resources provide information on the values and duties for each country, as do many logistics companies and consultants. The country listings in the USPS's [International Mail Manual](#) provide basic information, including prohibited items. More details on customs and duty can be found at the U.S. Department of Commerce's [export.gov](#) site under International Logistics in the Solutions tab. Mailing logistics companies, private delivery services, customs brokers and other vendors can also assist.

Under postal agreements, all international mail content is classified as either documents or merchandise. The postal definitions of these terms do not always correspond to the way these terms are used in everyday conversation. Merchandise requires a customs declaration while documents, as defined by postal regulations, do not. Under these definitions, merchandise is not only items for sale and may have little or no commercial value.

The following table was developed from information from the USPS and the UPU (Universal Postal Union) regarding what mail items are considered a document and what are not.

Documents not requiring a customs declaration:	Items that are not defined as documents:
<ul style="list-style-type: none">• business records• personal correspondence• circulars, pamphlets, advertisements• written instruments not intended for resale• money orders, checks, and similar items	<ul style="list-style-type: none">• printed music• books and periodicals• antique or collector documents• blueprints and engineering drawings• printed educational and test materials

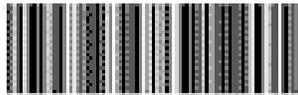
Fortunately, invoices, bills, statements, contracts and routine business correspondence are documents in both common usage and for international mailing purposes. However, electronic storage media, such as CDs, DVDs, flash drives, video and cassette tapes, are merchandise, even if they contain electronic documents. Artwork, photographs, film, x-rays, and negatives are also merchandise, no matter what the medium of the artwork or the contents of the other items. They are considered merchandise and require a customs declaration.

The World Customs Organization (WCO) specifies customs procedures, including those for postal items accompanied by CN22 or CN23 customs declarations, ensuring that items are cleared through customs without undue delay. (These form numbers may not correspond to the form numbers used by a particular postal operator but should be understood by any of their staff in international operations. Specifics on the [customs forms used by the USPS](#) are available in the International Mail Manual.)

For postal matter, the customs declaration form gives all the information required by the customs agent in the country of destination for determining the duties and taxes, if any. The basic information required is

- Classification of the item as a document, gift, commercial sample or other
- Detailed description of contents: what is in the package and quantity
- Net weight of each item in the package
- Value of all items in the package: the actual retail or commercial value, not manufacturing cost
- Total weight of the package
- Total value of goods and what currency is used to indicate the value
- For commercial items only, HS tariff number and country of origin of the goods, i.e. where the goods and their content were produced
- Date and sender's signature

USPS form equivalent to the CN22

 LC 612 305 712 US		LC 612 305 712 US								
United States Postal Service® Customs Declaration May be opened offically. See instructions on Reverse. Do not duplicate without USPS approval.		Customs Declaration CN 22 -- Sender's Declaration I, the undersigned, whose name and address are given on this form, certify that the particulars given in this declaration are correct and that this form does not contain any dangerous article or articles prohibited by legislation or by postal or customs regulations. This copy will be retained at the post office for customs inspection.								
Cut <input type="checkbox"/> Gift <input checked="" type="checkbox"/> Commercial sample <input type="checkbox"/> Documents <input type="checkbox"/> Other		Sender's Name & Address JOE SMITH 476 L'ENFANT PLACE WASHINGTON DC 20001 US								
Quantity and detailed description of contents (1)	Weight (2) lb. oz.	Value (3) (US \$)	Addressee's Name & Address JOE SMITH 100 ESTE MADRID SPAIN							
<table border="1"> <tr> <td>1</td> <td>Test</td> <td>1</td> <td>1.00</td> </tr> </table>	1	Test		1	1.00	<table border="1"> <tr> <td>Total Weight (4)</td> <td>Total Value (5)</td> </tr> <tr> <td>1</td> <td>1.00</td> </tr> </table>	Total Weight (4)	Total Value (5)	1	1.00
1	Test	1	1.00							
Total Weight (4)	Total Value (5)									
1	1.00									
For commercial items only: If known, HS tariff number (4) and country of origin of goods (5)										
I, the undersigned, whose name and address are given on this form, certify that the particulars given in this declaration are correct and that this form does not contain any dangerous article or articles prohibited by legislation or by postal or customs regulations.		Date and sender's signature								
PS Form 2976, January 2006, Facsimile		Detached from PS Form 2976, January 2006, Facsimile Post Office Copy								

SAMPLE - DO NOT MAIL

The category of goods and the tariff number as defined by the Harmonized System (HS) can be found in government sources on the Internet for categories of goods. Export.gov has a brief and easy-to-follow explanation of the numbers and how to find them. Knowing this number for the most items most frequently sent internationally can save a mailer time and trouble. This number will determine the category, and hence the rate, of duty applied.

Other documents for exporting certain types of goods in addition to the basic customs form may be required. Waybills and commercial invoices, in a specified format, are sometimes needed. Additional documentation required for some types of items might include export or import licenses or other certifications for classes of goods, such as high-tech items, biological substances, anything related to endangered species, or antiquities.

There are commercial services which will assist with documentation for customs and complete the forms on behalf of the mailer. Software is also available for this purpose. Items may be returned or confiscated if the documentation is incorrect or if the goods do not meet all legal requirements. The mailer, not the mailer's agent, is responsible for any error or misstatements on the customs documentation.

If the quantity or value of the goods justifies the fee that the broker will charge, customs brokers may be helpful in clearing goods through import and export controls. They can assist with the preparation of documents, the calculation and payment of taxes, duties or excises, and aid in contacts with governmental authorities. They may also assist with licenses and clearances from other government agencies.

About the author

Merry Law, president of WorldVu LLC, oversees their publications and worldwide marketing programs. She is editor of the authoritative *Guide to Worldwide Postal-Code and Address Formats* and author of *Best Practices for International Mailings*. Merry is a member of the Universal Postal Union POC Addressing Work Group and of the U.S. International Postal and Delivery Services Federal Advisory Committee. She can be contacted at mlaw@worldvu.com.

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