Customs Harmonized System Coding; Simplifying the Classification Process

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Traditionally, it is considered that classifying the appropriate Harmonized System code (commonly known as HS code) is a tacit knowledge. Many practitioners used to ascertain the HS code of commodities through the hands-on experience, or by simply by following the instructions of their senior officers or solely accepting the decision of customs officers. This practice was not a big challenge when the importers and exporters handled just a handful of commodities. However, with the gradual increase of international trading and logistics activities the industry became very complex resulting the logisticians need to deal with many commodities thus HS codes. This paper provides a simplified method that helps the user to find the accurate HS code of any complicated cargo/commodity promptly and logically. Therefore, the Documentation or Customer service staff in the shipping line/ agent office should be very familiar about the HS Nomenclature to expedite the booking process while eliminating risks of potential customs penalties.

With the implementation of ENS-Entry Summary System (or AMS- Advanced Manifest Submission to Customs authorities) the HS code became a buzz word in the industry because even the front-line customer service personnel are compelled to work with HS codes. In contrast, this challenge was faced by those who directly interact with customs officials and others simply followed the instructions of the said staff. Therefore, in addition to those who are directly involved in commercial trading, the staff of shipping lines/agents also need to be very cautious about the accuracy of the HS codes.

The Harmonized System is a structured nomenclature comprising descriptions of goods that are set out under 4-digit classification numbers. These are called headings in which most of these headings are further subdivided into 5- and 6-digit subheadings. It is important that shipping line/exporter provide the acceptable goods description and Valid HS code as mentioned by World Customs Organisation (WCO) – 6-digit code. The HS code has been viewed as just a 'number' by most of the stakeholders in Logistics, Transport, and supply chain industry. However, the beauty is that this code revels many vital information about the commodity that you declare and only those who could visualize the internal mechanism