



Global Sourcing Team

Import Compliance (HTS)

Vendor Training 2011

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- **WHAT IS THE HISTORY?** Previously AAFES outsourced the function of HTS assignment. With AAFES Global Sourcing program growing Direct Import initiative and the constant changes with Customs requirements, AAFES has created Import Compliance roles to ensure compliancy.

- **WHAT IS HTS?** The Harmonized Tariff Schedule (HTS) code is required comply with import regulations administered by the Department of Homeland Security, U.S. Customs and Border Protection (CBP). The 10 digit tariff nomenclature is an internationally standardized system of names and numbers used in classifying traded products. The schedule consist of 99 chapters and is maintained by the World Customs Organization..

- **WHAT IS THE PURPOSE?** The HTS code is used by governments to assess customs duties, enforce domestic regulations, perform risk assessment, and collect trade statistics. This is a good tool in calculating landed cost of imported articles, identify selling and sourcing opportunities abroad, and to link the procurement and compliance elements of the supply chain.
 - Used to identify product for duty rates, trade stats, audit, special trade programs, security, etc.

Import Compliance – USHTS Codes

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
6403 (con.)		Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather (con.):				
6403.59		Other footwear with outer soles of leather (con.):				
6403.59.10	00	Other: Footwear made on a base or platform of wood, not having an inner sole or a protective metal toe-cap	prs.	Free <u>1/</u>		33 1/3%
6403.59.15		Other: Turn or turned footwear	prs.	2.5% <u>1/ 2/</u>	Free (AU,BH,CA, CL,D,IL,J+,JO, MA,MX,OM, P,PE,R,SG)	10%
6403.59.30	20 45 61	For men	prs.			
		For women	prs.			
		Other	prs.			
		Welt footwear	prs.	5% <u>1/</u>	Free (AU,BH,CA, CL,D,E,IL,J+,JO, MA,MX,OM, P,PE,R,SG)	20%
	20	For men: With pigskin uppers	prs.			
	40	Other	prs.			
	60	For women	prs.			
	81	Other	prs.			
6403.59.60		Other: For men, youths and boys	prs.	8.5% <u>1/</u>	Free (AU,BH,CA, CL,D,IL,J+,JO, MA,MX,OM, P,PE,R,SG)	20%

› **HOW AAFES IS COMPLIANT?** To accommodate CBP import requirements, the AAFES team assigns an HTS code for every commodity imported before it is shipped. Where AAFES is the Importer of Record, internal processes have been developed to ensure an item is not procured without an HTS code.

› **HOW CAN VENDORS HELP?**

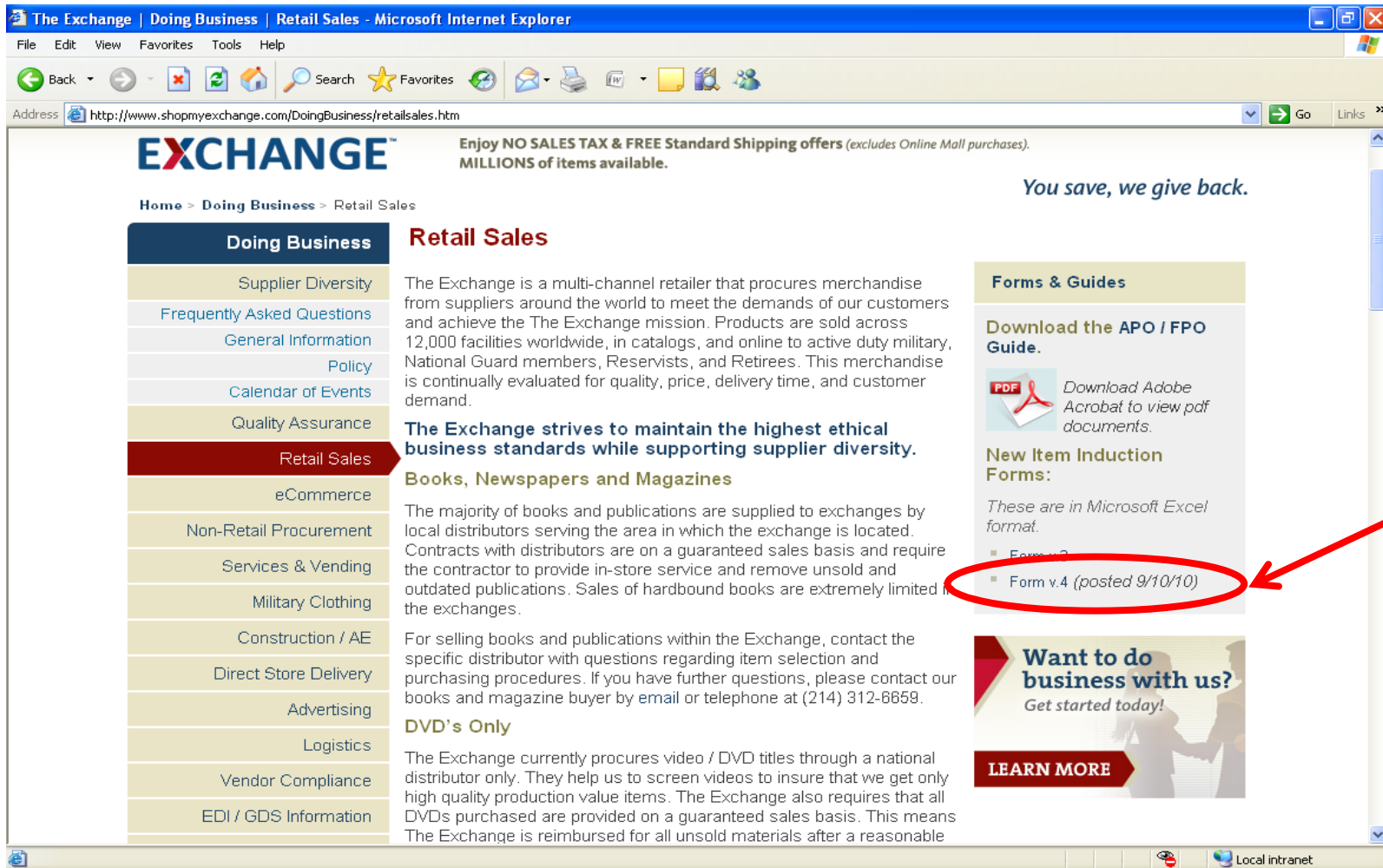
Suppliers assist in AAFES import compliance effort by providing the following:

- › Detailed information on the nature of each product.
 - › When completing a New Item Induction Form (NIIF), also submit product information (PI) sheets.
 - › [Click here for link to NIIF v4](#)
 - › [Click here for link to PI Sheets](#)
- › Include photos or brochures.
- › Provide Certificate of Origins to claim special duty programs.
- › Noticed some Vendor Commercial Invoice are missing the following.
 - › UPC# , HTS code, Country of Origin, Manufacturer Name, payment terms and INCOTerms (FOB, Exworks, etc)

Go to **Doing Business with AAFES site:**

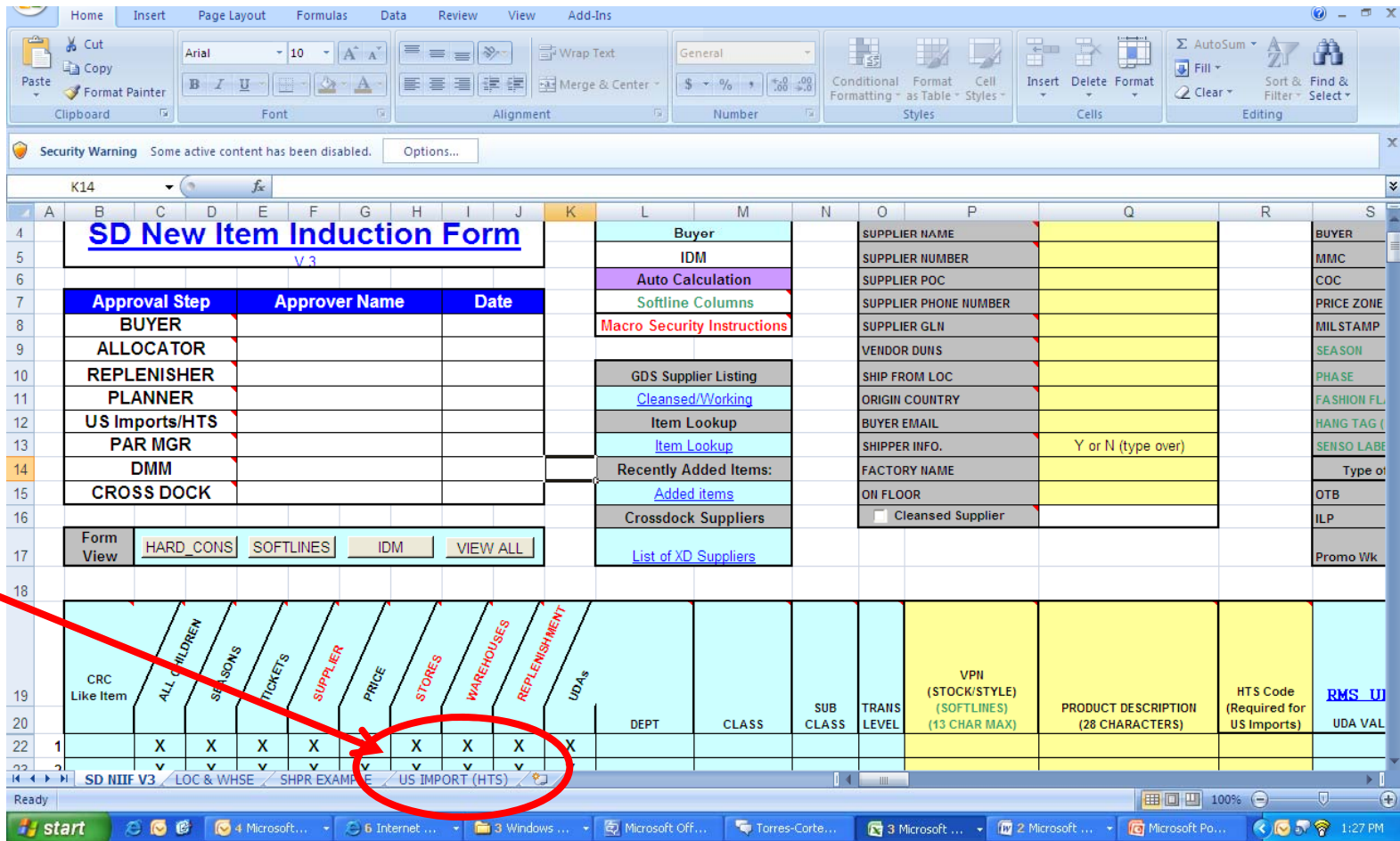
<http://www.aafes.com/vendors/retail.htm>

Open the excel file. SD New Item Induction Form v.4



The screenshot shows a Microsoft Internet Explorer browser window displaying the 'Retail Sales' page of 'The Exchange' website. The browser's address bar shows the URL: <http://www.shopmyexchange.com/DoingBusiness/retailsales.htm>. The website header includes the 'EXCHANGE' logo and the text: 'Enjoy NO SALES TAX & FREE Standard Shipping offers (excludes Online Mall purchases). MILLIONS of items available.' Below the header, there is a navigation menu with 'Retail Sales' highlighted. The main content area is titled 'Retail Sales' and contains several sections: 'Supplier Diversity', 'Frequently Asked Questions', 'General Information', 'Policy', 'Calendar of Events', 'Quality Assurance', 'Retail Sales' (highlighted), 'eCommerce', 'Non-Retail Procurement', 'Services & Vending', 'Military Clothing', 'Construction / AE', 'Direct Store Delivery', 'Advertising', 'Logistics', 'Vendor Compliance', and 'EDI / GDS Information'. A red circle highlights the 'Form v.4 (posted 9/10/10)' link in the 'New Item Induction Forms' section, with a red arrow pointing to it. The browser's taskbar at the bottom shows the 'Local intranet' icon.

Click on US Import (HTS) tab:



The screenshot shows an Excel spreadsheet titled "SD New Item Induction Form". The spreadsheet is divided into several sections. On the left, there is a table with columns "Approval Step", "Approver Name", and "Date". The "Approval Step" column lists roles like BUYER, ALLOCATOR, REPLENISHER, PLANNER, US Imports/HTS, PAR MGR, DMM, and CROSS DOCK. In the center, there are various toolbars and buttons, including "Form View", "HARD_CONS", "SOFTLINES", "IDM", and "VIEW ALL". On the right, there are several data entry fields for "Buyer" information, including "SUPPLIER NAME", "SUPPLIER NUMBER", "SUPPLIER POC", "SUPPLIER PHONE NUMBER", "SUPPLIER GLN", "VENDOR DUNS", "SHIP FROM LOC", "ORIGIN COUNTRY", "BUYER EMAIL", "SHIPPER INFO.", "FACTORY NAME", "ON FLOOR", and "Cleansed Supplier". At the bottom, there is a row of checkboxes for various categories: CRC Like Item, ALL CHILDREN, SEASONS, TICKETS, SUPPLIER, PRICE, STORES, WAREHOUSES, REPLENISHMENT, UDAs, DEPT, CLASS, SUB CLASS, TRANS LEVEL, VPIN (STOCK/STYLE) (SOFTLINES) (13 CHAR MAX), PRODUCT DESCRIPTION (28 CHARACTERS), HTS Code (Required for US Imports), and RMS_U. A red arrow points from the text "Click on US Import (HTS) tab:" to the "US IMPORT (HTS)" tab in the bottom navigation bar. A red circle highlights the "US IMPORT (HTS)" tab and the "PRICE" checkbox in the bottom row.



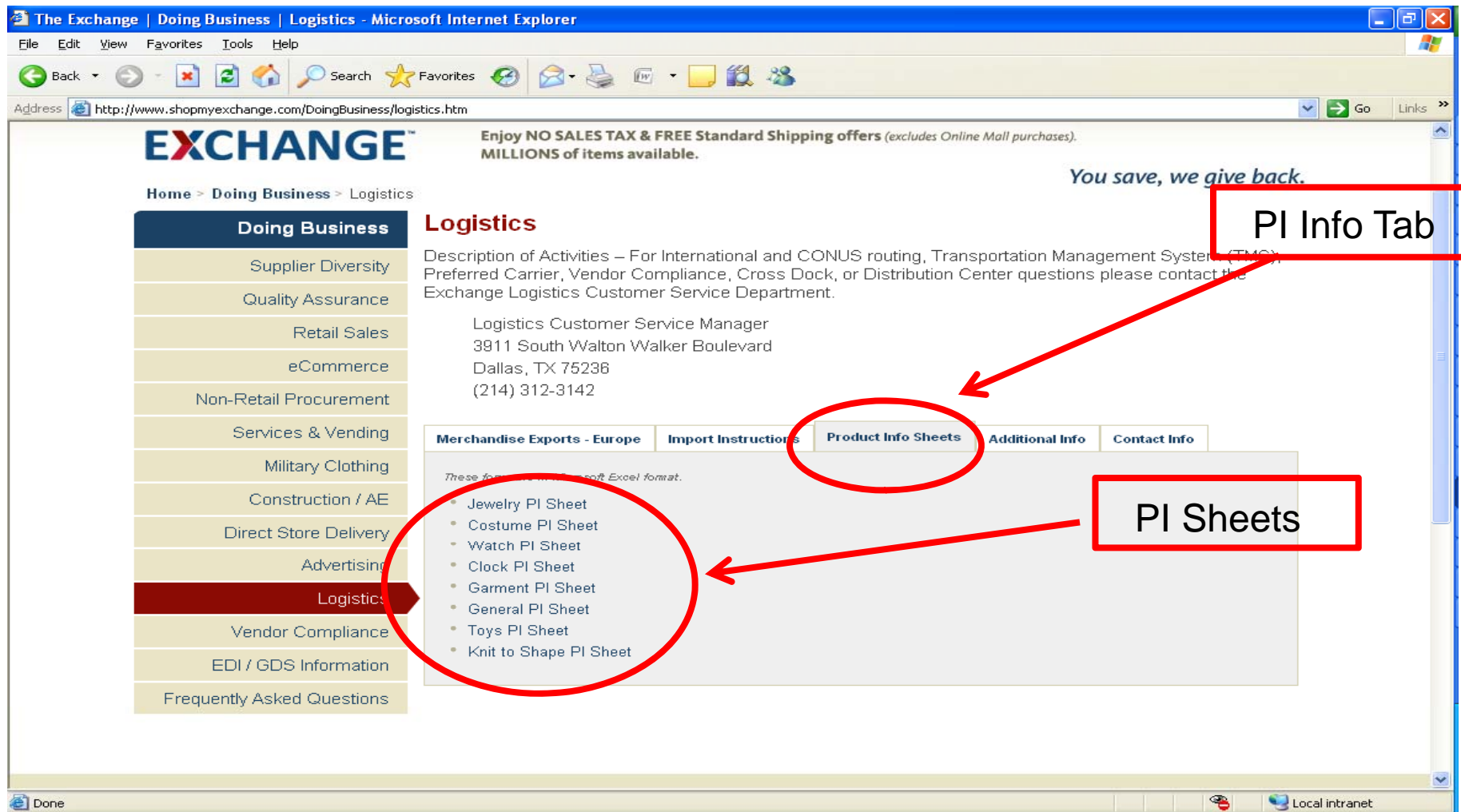
Click on link for Product Information

The screenshot shows an Excel spreadsheet with the following content:

A	
1	AAFES US IMPORT CLASSIFICATION - HTS Codes
2	
3	Goods crossing borders are subject to Customs requirements. If your product is an import into the U.S., please provide the information requested on this tab - US IMPORT (HTS).
4	
5	Detailed information on the nature of each product is needed to determine the proper Harmonized Tariff Schedule (HTS) classification code for US Customs entry purposes.
6	
7	
8	Instructions:
9	1) Click on the Product Information Sheets (PI) link below. It will open the location for the PI Sheets
10	2) Locate the PI sheet pertaining to your product
11	3) Fill out the requested information for each item
12	4) Save and send the PI information sheet with the NIIF to the buyer
13	5) Also include photos or brochures with the NIIF
14	
15	<u>Click here for link to Product Information Sheets</u>
16	GENERAL PI Sheet, Garment, Watch, Clock, Jewelry, etc.
17	
18	Special Duty Programs
19	Please provide Certificate of Origin to take advantage of Free Trade Agreements and other special duty programs (GSP, NAFTA, AFTA, etc.)
20	
21	Documentation
22	Once the Purchase Order is issued, please use the AAFES HTS code and UPC number on your Vendor Commercial Invoice for proper customs clearance.
23	
24	If more information is needed, please contact the AAFES Global Sourcing Imports Department at zzHQ5DGlobalSourcing@aafes.com
25	Provide your contact name and e-mail address.
26	
27	

The spreadsheet is titled "US IMPORT (HTS)" and has other tabs visible: "SD NIIF V3", "LOC & WHSE", and "SHPR EXAMPLE". A red arrow points to the link in row 15.

Click on the Product Info Sheets Tab and then the relevant PI Sheet



The screenshot shows a Microsoft Internet Explorer browser window displaying the Exchange website's Logistics page. The browser's address bar shows the URL: <http://www.shopmyexchange.com/DoingBusiness/logistics.htm>. The page features a navigation menu on the left with categories like 'Doing Business', 'Supplier Diversity', 'Quality Assurance', 'Retail Sales', 'eCommerce', 'Non-Retail Procurement', 'Services & Vending', 'Military Clothing', 'Construction / AE', 'Direct Store Delivery', 'Advertising', 'Logistics', 'Vendor Compliance', 'EDI / GDS Information', and 'Frequently Asked Questions'. The 'Logistics' category is highlighted. The main content area is titled 'Logistics' and includes a description of activities, contact information for the Logistics Customer Service Manager (3911 South Walton Walker Boulevard, Dallas, TX 75238, (214) 312-3142), and a tabbed interface. The 'Product Info Sheets' tab is selected and circled in red. Below this tab, a list of product info sheets is displayed, including Jewelry PI Sheet, Costume PI Sheet, Watch PI Sheet, Clock PI Sheet, Garment PI Sheet, General PI Sheet, Toys PI Sheet, and Knit to Shape PI Sheet. A red box labeled 'PI Info Tab' points to the 'Product Info Sheets' tab, and another red box labeled 'PI Sheets' points to the list of sheets. The browser's status bar at the bottom shows 'Done' and 'Local intranet'.



Thank You!



Questions?
