

Guide to Importing Commercial Goods

Serving Canadians

We at the Canada Customs and Revenue Agency (CCRA) are at Canada's entry points to protect Canadian people, businesses and society. In carrying out our responsibilities, our commitment is to provide fair, courteous, and efficient service. Our service will be in the official language of your choice at designated bilingual offices.

Our presence at the border helps to control the illegal entry of goods into Canada. We keep out goods that could threaten our health, environment, or agriculture. We also help keep Canadian businesses competitive by administering trade agreements and import/export policies.

The information in this guide was accurate at the time it was published. However, legislative provisions and requirements could change at any time. We make every effort to provide updates in a timely manner.

La version française de cette publication est intitulée *Guide sur l'importation des marchandises commerciales*.

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Introduction

Is this guide for you?

You will find this guide helpful if you need information about importing goods. We have also included information on other customs processes, such as transporting, and warehousing your goods.

Where can you find more information?

The information we provide in this guide is general in nature, and covers a wide range of business situations. Throughout this document, we refer you to other Canada Customs and Revenue Agency (CCRA) brochures, leaflets, and technical memoranda that contain more detailed information. Copies of these publications may be obtained at most CCRA offices across the country, or by contacting our Forms and Publications Distribution Centre toll-free at 1-800-959-2221.

The D series Memoranda contains more specific, technical information on each part of the importing process. You will find reference copies of these publications in most customs offices. You can also buy a complete set of these publications by contacting:

Canada Communication Group
Publishing Centre

Tel.: (819) 956-4800
Fax: (819) 994-1498

Internet access

You can also find many of our publications on our Internet site at: www.ccr-a-adrc.gc.ca

Business seminars

At the CCRA, we hold seminars for new businesses on various issues, including customs. If you would like to participate in a business seminar, call the CCRA's Automated Customs Information Service (ACIS) and ask an agent for details on the next seminar scheduled for your area. You can find this number in "Appendix C" of this publication, or under the listings in the government section of your telephone book.

Need information on exporting?

If you need information on exporting goods from Canada, see the brochure called *Exporting Goods From Canada - A Handy Customs Guide for Exporters.*

Getting Started

The information in this guide follows the commercial import process step by step. By getting answers to some basic questions beforehand, you will save time and money by ensuring we release your goods as quickly as possible.

What documents do you need from the vendor or exporter of your shipment?

The vendor or exporter (the person or company that sold you the goods) should give you a sales receipt or invoice that describes the goods in detail and shows the purchase price.

The vendor or exporter should also provide you with a certificate of origin so the goods may qualify for lower duty rates, such as those outlined in the North American Free Trade Agreement (NAFTA), or the Canada-Israel Free Trade, Agreement (CIFTA).

For details, see the section called "Certificates of origin" on page 9 of this guide.

What books and records do you have to keep?

As an importer, you have to keep books and records to substantiate what goods you imported, the quantities, the prices you paid, and the goods' origin. You have to keep records in Canada, in either paper or electronic format, for six years after the year you import the goods. If you want to keep your records outside Canada, you have to get our written approval.

Even if a customs broker carries out customs activities on your behalf, you should also keep the records on your premises. As the importer, you are responsible for all records on reporting, releasing, accounting for, and paying for goods, as well as any later adjustments.

For more details, see Memorandum D17-1-21, *Maintenance of Records and Books in Canada by Importers.*

What is a carrier?

A carrier is the person or company who transports your goods. As the importer, you can be your own carrier. Your carrier can bring your goods into Canada by air, highway, marine, rail, or international mail.

What records does your carrier have to keep?

Your carrier has to keep records at the place of business in Canada for three years after the year it transported your goods to Canada. These records can include charts of accounts, trip logs, movement history reports, and bills of lading. They may include paper documents or those stored electronically. Carriers can keep these records outside Canada if they receive written permission from us.

Where will we process your shipment once it arrives in Canada?

We process most shipments at the border point (e.g., highway border, rail border, international airport, seaport, or customs mail centre). We can process and release international mail only at the five customs mail centres across Canada. However, you can choose to have us

release the goods at an inland office, which is a customs office not located at the border.

For example, your shipment arrives at Fort Erie, Ontario, but you want us to release it in Toronto. In this case, after your carrier reports the goods at Fort Erie, it must have posted security with customs to carry them to one of the approved inland Toronto sites.

Only carriers who have posted security with us (bonded carriers) can transport non-duty-paid goods between points in Canada.

Is the office an alternate service site?

We process commercial goods for some of our smaller service points at nearby larger offices, called **hubs**. You can forward your release documentation directly to the hub by facsimile or electronic transmission, or the warehouse operator can do this on your behalf. Once we make a release decision, we will transmit this information immediately to you or the warehouse operator, who will then release the goods to you. For more details on alternate service, call the CCRA's ACIS and speak to an agent. You can find this number in "Appendix C" of this publication, or under the listings in the government section of your telephone book.

What are the service hours at Canada Customs and Revenue Agency customs offices?

There are 22 customs offices that offer commercial service 24 hours a day. Others provide commercial service from 8:00 a.m. to midnight, and others are only open to release commercial shipments during regular office hours (e.g., 8:00 a.m. to 5:00 p.m.).

If you are importing goods that you need to use immediately in production or manufacturing, you may benefit from releasing your shipment during off-peak times. During off-hours, traffic congestion and waiting lines for counter service are reduced. Therefore, we should be able to release your shipment more quickly at that time than during busier periods.

You can get more details on office hours and peak-period traffic patterns from your nearest customs office. For a listing of all customs offices, their addresses, telephone numbers, and service hours, see Memorandum D1-1-1, *List of Customs Offices*, or contact the CCRA's ACIS and speak to an agent. You can find this number in "Appendix C" of this publication, or under the listings in the government section of your telephone book.

What is the difference between duties and customs duty?

Duties include any duties or taxes levied under the *Customs Tariff*, the *Excise Tax Act*, the *Excise Act*, or the *Special Import Measures Act*. Customs duty includes only the duties prescribed under the *Customs Tariff*.

Who prepares your customs documents and presents them to the Canada Customs and Revenue Agency?

Carriers provide us with the appropriate documents to report the arrival of your shipments. The transportation mode determines what type of reporting document the carrier must use.

As an importer, you also need to submit release or accounting documents, which you can either prepare yourself, or hire a customs broker to do on your behalf. In this document, when we refer to **you**, we are talking about you as an importer or your customs broker in all matters except the reporting of goods by the carrier. For more information, see the section called "Step 5 – Accounting for Your Shipment" on page 8 of this guide.

What is a customs broker? What do brokers do?

We license customs brokers to carry out customs-related responsibilities on behalf of their clients. A broker's services include:

- obtaining release of the imported goods;
- paying any duties that apply;
- obtaining, preparing, and presenting or transmitting the necessary documents or data;
- maintaining records; and
- responding to any CCRA concerns after payment.

You will have to pay a fee for these services, which the brokerage firm establishes.

Brokers do **not** work for the federal government – they are not federal public servants.

As the importer, you remain liable for all duties owing until either you or your broker pays them. This applies regardless of whether or not you paid the amount to your broker.

How can you determine in advance what duties you will have to pay on your shipment?

Before your shipment arrives, we can assist you in determining the duties you will have to pay on the goods. It is important that you have a thorough description of the goods and know their value and origin. We can also give you advice about the appropriate valuation method, tariff classification, and tariff treatment. You can also request a National Customs Ruling on tariff classification or valuation. You can contact us by calling the CCRA's ACIS and speaking to an agent. The agent will refer you to a staff member who specializes in these matters. You can find this number in "Appendix C" of this publication, or under the listings in the government section of your telephone book.

For information on the national customs rulings service, see Memorandum D11-11-1, *National Customs Rulings (NCR)*.

All commercial goods you bring into Canada are subject to customs duty and the goods and services tax (GST), unless they are exempt or free of duties. Regardless of the currency you use to pay for your goods, you must always convert the value of the goods into Canadian funds to determine the duties payable.

Depending on the goods or their value, some other charges or taxes may apply, including excise duty and excise tax on luxury items like jewellery or alcohol.

Anti-dumping duty and countervailing duty

Under the *Special Import Measures Act*, we impose countervailing duties on imported goods that cause injury to Canadian industry through subsidies in the country of origin. We may also assess anti-dumping duties on goods you import into Canada at prices that are less than their selling price in the country of origin. For additional information, refer to the brochure called *The SIMA Self-Assessment Guide* as well as Memoranda D14 and D15 series.

Step 1 – Registering Your Import Business

As a commercial importer, you must have a Business Number for your import/export account.

The Business Number (BN)

The business number (BN) has 15 digits: nine numbers to identify the business, plus two letters and four numbers to identify the program and each account. The system includes major types of Canada Customs and Revenue Agency programs that many businesses may be registered for:

- GST;
- payroll deductions;
- corporate income tax; and
- import/export (identified by RM).

For example, your import/export account will look like this:

123456789RM0002

For more details on the BN and how it affects your business, see the Canada Customs and Revenue Agency publication called *The Business Number and Your Revenue Canada Accounts*. If your business is based in Quebec, see the publication called *The Business Number and Your Revenue Canada Accounts in Quebec*.

How do you get a BN import/export account?

You can register for a business number, or add an import/export account to an existing business number, by calling 1-800-959-5525. You may also obtain a business number by completing Form RC1, *Request for a Business Number (BN)*, or Form RC57, *Request for a Business Number (BN) – Quebec*, both of which are available from any CCRA office, or from the “Forms and publications” page of our Web site at www.ccradrc.gc.ca. Send the completed form to your nearest tax services office listed under the listings in the government section of your telephone book. We will give you an account free of charge as soon as we receive the form.

When do you use your BN import/export account?

You have to show your import/export account on your customs documents. This applies to most shipments that enter Canada.

You only use your import/export account for importing or exporting. If you do not use it, your account will expire after two years. You can reactivate it by contacting any customs office. If there is any change in your status (e.g., name or address change), you must report these changes to us as soon as possible.

Step 2 – Reporting Your Shipment

In most cases, the carrier reports your shipment to the CCRA when it arrives at the international border entry point.

You have to report most goods you import. We have listed the few exceptions in Memorandum D3-1-1, *Regulations Respecting the Importation, Transportation and Exportation of Goods*.

What documents do you or your carrier use to report your shipment?

Your carrier must either report all commercial goods you import into Canada on an approved cargo control document (CCD), or, in the case of rail and marine shipments, electronically transmit the cargo information using electronic data interchange (EDI) before arriving at the Canadian border.

You do not need to use a CCD when:

- you have line release privileges (see page 16 for details); or
- you personally transport the shipment and you obtain release by accounting for the goods and paying any duties at the customs office where the goods arrived.

Step 3 – Getting Release of Your Shipment

To obtain release of your goods, you can use one of two methods:

- release with full accounting and payment;
- release on minimum documentation (RMD).

We can also authorize you to transmit your release information to us using electronic data interchange (EDI). For more details on this option, see the Appendix B called “Other Service Options” on page 16 of this guide.

Release on minimum documentation (RMD)

By using RMD, you can fast-track the release of your goods by accounting for and paying for your shipments after we release them. To take advantage of this privilege, you have to post an approved amount of security with us.

Our goal is to process **release requests** that are complete, accurate, and do not require examination of goods or review of permits, within the following times:

Release on Minimum Documentation (RMD)

- | | |
|-------------------------------------|------------|
| ■ Electronic Data Interchange (EDI) | 45 minutes |
| ■ EDI Machine Release | 5 minutes |
| ■ Paper | 2 hours |

RMD release documentation requirements

Unless we examine your shipment, we will release it under RMD when you report your shipment by presenting a completed cargo control document, any import permits or health certificates, and, in most cases, two copies of a properly completed invoice. For details on these documents, see the section called “Step 5 - Accounting for Your Shipment” on page 8 of this guide.

Posting security

To take advantage of RMD, which includes uncertified cheque privileges, you have to post security with us. You can post security either locally or nationally, depending on whether or not you need your shipments released at various customs offices across the country.

You can use the following as security:

- cash;
- certified cheque;
- transferable Government of Canada bonds; or
- CCRA (Revenue Canada) customs bonds that a registered Canadian bank or approved financial institution has issued.

As the importer, your security amount is based on an amount equal to the average monthly duties you owed

during the previous year, minus the GST, up to a maximum of \$10 million.

In certain regions, you can post security at one location to cover release at nearby offices. For example, you can post security at the downtown Toronto office and we will honour that security at Pearson International Airport.

Transaction number

At the CCRA, we identify each shipment with a unique 14-digit transaction number. We use this transaction number to identify your shipment at various times throughout the customs process. Under the cash option, we assign a transaction number to the documents in the accounting package when you present them to obtain release of your goods.

If you have RMD privileges, we will assign you a unique five-digit account security number. This number will always appear as the first five digits of the transaction number. After you receive your account security number, you have to affix the transaction number in bar-coded format to your release and accounting documents for all later shipments.

Other service options

If you become an established importer with a sound compliance record and a high import volume, we offer other service options to speed up our processing and release of your goods.

For details on these faster release and processing options, see Appendix B on page 16 of this guide.

Step 4 – Examining Your Shipment

You may not experience this step in the import process – we do not examine all shipments before releasing them. Under the *Customs Act* we have the authority to randomly select shipments for examination to verify compliance or to take samples in reasonable amounts. The frequency of examinations will depend on your compliance record and that of other persons or organizations involved with the shipment as well as the type of goods you are importing.

Why does the Canada Customs and Revenue Agency examine goods?

We may choose to examine your shipment for several reasons:

- to detect prohibited or restricted items (e.g., pornography, narcotics) or smuggled goods;
- to fulfil other government departments’ legislative requirements (e.g., meat inspection, import permits); or
- to ensure the goods comply with customs legislation (i.e., to verify their description, value, quantity, and marking against the invoice information).

Examination costs

Because carriers are responsible for making shipments available to us for examination, you may ultimately have to pay for the examination costs associated with unloading and loading cargo. You may also have to pay special service charges for a customs officer's time and travel costs when the officer conducts examinations and releases goods at locations other than designated customs facilities, or when you need after-hours service

Step 5 – Accounting for Your Shipment

You have to submit a final accounting package for shipments you import into Canada. In most cases, a complete accounting package consists of:

- two copies of the cargo control document (CCD);
- two copies of the invoice;
- two copies of a completed Form B3, *Canada Customs Coding Form*;
- any import permits, health certificates, or forms that other federal government departments require; and
- a Form A, *Certificate of Origin* (when necessary).

You can present paper copies of these documents or, if we give you the authorization, you can transmit this information using EDI. For information on electronic cargo, release, and accounting options, see the Appendix B called "Other Service Options" on page 16 of this guide.

The cargo control document

Your carrier uses the CCD to report your shipment to the CCRA. The most commonly used type of CCD is Form A8A, *Customs Cargo Control Document*. The CCD acts as our initial record of the shipment's arrival. This document is also used for all shipments moved in-bond to an inland customs office, sufferance warehouse, or bonded warehouse.

Your carrier also has to send you a copy of the CCD to inform you that your shipment has arrived.

The CCD must have a bar-coded cargo control number (CCN). The first four digits of the CCN must be the carrier's unique carrier code.

The invoice

You can use three invoicing options:

- a Canada Customs Invoice (CCI), which either you or the vendor can complete (for instructions on how to complete the CCI, see Memorandum D1-4-1, *Canada Customs Invoice Requirements*);
- a commercial invoice containing the same information as a CCI; or
- a commercial invoice which indicates the buyer, seller, country of origin, price paid or payable, and a detailed

description of the goods, including quantity, **and** a CCI that provides the remaining information.

If you are using release on minimum documentation (RMD), your invoice must contain:

- your name and the import/export account;
- the exporter's name;
- the unit of measure and quantity of goods;
- the estimated value of the goods in Canadian dollars;
- a detailed description of the goods;
- the goods' country of origin; and
- a bar-coded transaction number that you affix to the invoice.

See the section called "Release on minimum documentation (RMD)" on page 7 of this guide for details on the RMD process.

Form B3, Canada Customs Coding Form

To account for commercial goods, you usually have to document the importation on Form B3, which must include:

- your importer name and the import/export account;
- a description of the goods;
- the direct shipment date;
- the tariff treatment;
- the country of origin;
- the tariff classification;
- the value for duty;
- the appropriate duty or tax rates; and
- the calculation of duties owing.

Determining some of these elements, including tariff classification, value for duty, and the origin of your goods, may be more complex. For more details on these elements and how we can help you, see Appendix A on page 14 of this guide.

As a new importer, you may need help completing Form B3. In the brochure called *Importing Commercial Goods Into Canada*, we have provided step-by-step instructions on how to complete Form B3. You can also refer to Memorandum D17-1-10, *Coding of Customs Accounting Documents*.

Import permits, health certificates, or forms other federal government departments require

Some goods are subject to the requirements of other federal government departments and may need permits, certificates, and examinations. We administer the import portions of legislation on behalf of these departments.

For example, the Canadian Food Inspection Agency examines and gives permits for some meat products, and

all restricted or controlled drugs require an import permit from Health Canada.

The Department of Foreign Affairs and International Trade requires import permits for goods such as textiles and clothing, agricultural and steel products, and some food items such as dairy products, poultry, and eggs.

At the CCRA, we:

- verify the permits or conduct inspections on behalf of the other federal departments; and
- detain the goods if necessary.

Please contact the appropriate federal government department to determine what, if any, documentation you need. For details on other federal government requirements, see the Memoranda D19 series.

Certificates of origin

We use certificates of origin to support the tariff treatment you claim on Form B3. The tariff treatment is linked to several trade agreements which may benefit you, since they offer lower duty rates. It is not necessary to present the certificate at the time we release your shipment, but you must possess the certificate when you account for your shipment.

There are four main types of certificates of origin:

■ Certificates of origin for NAFTA, CIFTA, or CCFTA

You must have a certificate of origin if you are claiming lower customs duty rates for goods from the United States or Mexico under the terms of the North American Free Trade Agreement (NAFTA), a Canada – Israel Free Trade Agreement (CIFTA) certificate of origin if you are claiming lower customs duty rates for goods from Israel or another CIFTA beneficiary, or a Canada-Chile (CCFTA) certificate of origin.

A representative of the manufacturer who is familiar with the manufacturing process and who can attest that the shipment qualifies for lower duty rates under NAFTA, CIFTA, or CCFTA should complete the certificate.

While we do not ask for NAFTA, CIFTA, or CCFTA certificates of origin for release or accounting of your goods, you must keep a valid certificate with your customs records and present it to us on request.

If your shipment is valued at less than \$1,600, you can use a signed statement on your invoice from the exporter, instead of a formal certificate of origin. (NAFTA only)

■ Form A, Certificate of Origin or the Exporter's Statement of Origin

This certificate of origin applies to goods covered by the General Preferential Tariff (GPT) or the Least Developed Country Tariff (LDCT). It is issued by the exporter in the country where the goods originated.

For more details on the certificate of origin, see the Memoranda D11 series.

Paying Cash

If you choose to pay cash, we will release your goods after we determine that all your accounting documents are accurate and complete, and after we receive your payment.

We will then update your payment record in our computer system, which will print a detailed coding statement (DCS). You will receive a stamped copy of the DCS that shows "duty paid." This copy is your receipt.

You can use a major credit card to pay duties owing for amounts up to \$500. We will also accept uncertified cheques for amounts up to \$2,500 if you meet the following conditions:

- you have two pieces of personal identification, one of which is a major credit card or valid Canadian driver's licence;
- not more than one cheque you previously issued to Revenue Canada or the CCRA was returned for non-sufficient funds (NSF);
- the payment you are making is not for a penalty;
- the cheque is from a recognized Canadian financial institution; and
- the cheque is not written by or payable to a third party.

When you do not meet all of the above criteria, we will accept uncertified cheques for amounts up to \$500. If we have not allowed you to present uncertified cheques for amounts owing up to \$2,500 because you breached one or more of the above conditions, we will resume this privilege one year after the date of your last NSF cheque.

A number of customs offices across Canada have also been equipped to accept debit card payments. As not all customs offices provide this payment option, it is advisable that you contact your local customs office to determine if the debit card payment option is available.

You can also choose to have a broker pay on your behalf.

Accounting

You have to present your final accounting package no later than five business days after we release the goods. For details, see the section called "Step 5 – Accounting for Your Shipment" on page 9.

Payment

To pay any duties owing on goods we release under RMD:

- you can pay every month based on our monthly bill; or
- you can make any number of interim payments based on the daily statements we send you.

Remember that, when you post security to use the RMD option, you have uncertified cheque privileges for any amount owing. We will bill you monthly, on Form K84, *Importer/Broker Account Statement*, for all accounting packages we processed between the 25th of one month and the 24th of the following month. Your payment is due on the last business day of that month.

Penalties

If you do **not** present your accounting package or if our computer is unable to validate the package within the five-day time period, we will charge you a late-accounting penalty for each shipment. If you repeatedly file your accounting package late, you may receive a notice requiring you to account for the goods on time for a specified period. If you fail to comply with the notice, you will receive an additional penalty.

Interest

If you fail to pay duties within the prescribed time frame, we will charge you interest at a specified rate on the outstanding overdue balance. You will receive a notice that requires you to pay duties owing within a specified time period.

Correcting your accounting package

Once you give us your final accounting package, we key it into our computer system, which will print a DCS that highlights any errors in coding and calculations, and briefly explains how to correct the error.

When we find errors, we will return the accounting package to you for correction.

Step 6 – Warehousing or Storing Your Shipment

After your carrier reports a shipment to us, you may want to move it inland to a licensed warehouse facility for customs release. This means that goods can be moved beyond the border or an airport without having cleared customs, but remain under customs control.

Sufferance warehouse

Sufferance warehouses are privately owned and operated facilities licensed by the CCRA for the short-term storage and the examination of imported goods pending release from customs. Sufferance warehouse keepers charge user fees to their clients for storage and handling. Your goods may stay in a sufferance warehouse for up to 40 days.

For details, see Memorandum D4-1-4, *Customs Sufferance Warehouses*.

Bonded warehouse

You can place both imported and domestic goods destined for export in a customs bonded warehouse for up to four years if, for example, you imported them on a consignment basis, if they serve as inventory, or if you plan to export them. These facilities provide you with a complete deferral of all duties (including the GST) while the goods remain in the warehouse and if you then export the goods. Duties are payable only on the portion of goods that enter into the Canadian economy.

The goods may undergo the following value-added alterations in a bonded warehouse:

- labelling and marking;
- packaging and repackaging;
- testing and separating defective from prime quality goods;
- diluting, cutting, slitting, trimming, and filing; and
- disassembling or reassembling goods which have been disassembled for packing, handling, or transportation.

Bonded warehouses are one component of the duty deferral program. See Appendix A for more details.

For more information, see Memorandum D4-1-0 and Memorandum D4-1-2, *Customs Bonded Warehouses Regulations*.

Place of safekeeping

If you do not claim your goods from the sufferance warehouse after 40 days, we transfer them, at your expense, to a place of safekeeping. If this happens, we notify you that if your goods are not formally released and accounted for or exported within 30 days from the date of the notice, they will be forfeit to the federal government to dispose of accordingly. You are responsible for all reasonable expenses incurred by the CCRA in the disposal of your goods where they are disposed of other than by sale. For details see Memorandum D4-1-5, *Storage of Goods Regulations*.

Step 7 – Determinations and Dispute Resolution

Completing your accounting information

When importing goods, it is your responsibility to ensure that the information declared in your accounting data is correct. Enter the tariff classification, origin and value for duty of the imported goods. When the final accounting data has been accepted, a deemed determination on the tariff classification, origin and value for duty of the goods will be made.

Self adjustments

If you think you have made an error in the accounting information, and we have not made a re-determination, you are required to correct the information within 90 days after you discover the error where the change is revenue neutral or you owe us money. If a change in the accounting information results in a refund of duties or taxes paid to us, an application for a refund can be filed in most cases up to four years from the date the goods were accounted for.

When the self-adjustment results in additional duties owing, you must pay this amount and the applicable interest. For self-adjustments which reduce the amount of duties payable, we will refund the customs duties and the applicable goods and services tax credit or rebate will be made.

The detailed adjustment statement (DAS)

If we need to adjust your accounting package, including to confirm changes you have requested, we will let you know by sending you a DAS. On this statement, we will ask you to submit within 30 days any additional duties owing and interest payable because of the adjustment. We also use the DAS to inform you of any refunds due to you, as well as any interest owing. A DAS is also sent to you even when the adjustment is non-revenue and does not result in any change to duty amount

Re-determinations

We may re-determine or further re-determine the tariff classification, value for duty, and country of origin you have reported for your shipment. This re-determination may be done before you have made any self-adjustments or it may be done after you have self-adjusted your accounting information. In most cases, we have four years from the date of accounting to re-determine the tariff classification, origin, or value for duty of the goods.

If you do not understand the reason for our re-determination, you may contact the officer who made the decision. If you disagree with the decision, you may ask us to review it by filing a dispute notice.

Disputing a decision within the Canada Customs and Revenue Agency

As the importer, you or your representative has the right to ask for an impartial review of most decisions we make on the tariff classification, origin, or value for duty of imported goods. An appeals officer will make a decision on behalf of the Commissioner of the CCRA.

If you want us to review a decision, you must, by law, make your request no later than 90 days after the date we made the initial decision. Generally, you must use Form B2, *Canada Customs – Adjustment Request*. You can however use a letter to dispute the tariff classification of certain prohibited goods. You may present your dispute notice, addressed to the Appeals Division, to any customs office in Canada, although we prefer that you present it at a customs office in the region where the goods were released.

For more information, see Memorandum D11-6-7, *Importers' Dispute Resolution Process for Origin, Tariff Classification, and Value for Duty of Imported Goods*.

Your appeal rights

If you do not agree with the Commissioner's decision, you have the right to appeal it. If you are appealing a decision that **does not** relate to prohibited goods classified as obscene, child pornography or hate propaganda, you must appeal to the Canadian International Trade Tribunal (CITT). To do so, file a written appeal notice with the Commissioner **and** the Secretary to the CITT no later than 90 days after we issue the Commissioner's decision.

The CITT is an independent quasi-judicial tribunal that reviews disputes from importers or Canadian producers. It also acts as an impartial body to which policy departments, like the Department of Finance Canada, can refer certain issues for resolution. The CITT posts hearing notices in the *Canada Gazette* at least 21 days before any hearing.

If you contact the Secretary to the CITT before a hearing, you can appear at the hearing to explain how the matter affects your business.

On a point of law, you can appeal the CITT's decision to the Federal Court of Appeal no later than 90 days after the CITT issues its decision.

If you do not agree with the Commissioner's re-determination decision that **does** relate to obscenity, child pornography or hate propaganda, you have the right to appeal it to a provincial court of jurisdiction. To do so, you must file a written appeal notice with the Commissioner **and** the clerk of the provincial court of jurisdiction no later than 90 days after we issue the Commissioner's decision.

On any question of law, you can appeal the provincial court of jurisdiction's decision to a higher court no later than 90 days after the court issued its decision.

You are responsible for administrative court costs and your legal fees for appeals to the CITT, the Federal Court of Appeal, and the provincial court of jurisdiction unless otherwise ordered by the Court.

Importing by Mail

When you import goods by mail that are worth \$20 or less, they are exempt from duties under the *Postal Imports Remission Order*.

Postal imports valued at less than \$1,600

Canada Post will deliver to you any commercial postal shipments worth less than \$1600. With this delivery, Canada Post will provide Form E14, *Customs Postal Import Form*, on which we will have rated each item in advance and listed the duty rate that applies. This form shows the tariff classification, the duty rate, value for duty, and the total duties and taxes owing on the imported goods.

For goods imported by mail, Canada Post provides the CCRA with information, presents the goods for examination, and collects and remits any duties owing on your behalf. Canada Post charges you a \$5 fee (\$8 for priority post shipments) to offset some of the costs it incurs to perform these functions.

If you disagree with the assessment shown on Form E14, you have two options:

- You may request a refund **after** payment of duties and taxes by presenting an adjustment request (Form B2G) and we will review your request; or

- You may request a review **before** payment of duties and taxes by checking the “Return to customs” box on the E14 form. Once Canada Post returns the parcel to us, we will contact you, and if duties and taxes still apply, we will review the E14 form. Canada Post will then deliver the mail item to you a second time and collect any duties owing.

For more complete details on importing by mail, see the Memoranda D5 series.

Postal imports valued at \$1,600 or more

We will notify you when any postal shipment worth \$1,600 or more arrives. You must present your RMD package or full accounting documents with payment to your nearest customs office before we can release the goods.

For more information, see the section called “Step 5 – Accounting for Your Shipment” on page 8.

Importing by Courier

If you import goods worth \$20 or less by courier, they are exempt from duties under the *Courier Imports Remission Order*. This exemption does not include alcohol or tobacco. For more details, see Memorandum D8-2-16, *Courier Imports Remission Order*.

Courier imports valued at less than \$1,600

Many international couriers who transport large volumes of low-value goods participate in the Courier/Low-Value Shipment (LVS) Program.

Unless we examine your shipment, we can almost instantly release commercial goods you import via couriers participating in the LVS program if:

- the goods have an estimated value for duty of less than \$1,600 and are **not** prohibited, controlled, or regulated;
- the courier has a written undertaking with you that authorizes delivery to you after we release the goods under the program; and
- you have posted security with us.

When we release shipments under the courier LVS program, the courier reports all shipments arriving at the same time on a consolidated cargo release list. The list identifies the importer for each shipment. The courier will advise you of your shipment’s arrival.

You have to submit your consolidated accounting package to us no later than the 24th day of the month after the month in which we released the goods. You must pay any duties owing at the end of the month in which you accounted for the goods.

For more details on LVS shipments, see Memorandum D17-1-2, *Low Value Commercial Goods*.

Courier imports valued at \$1,600 or more

The courier will notify you when any shipments arrive that are worth \$1,600 or more. You must account for the goods and pay the duties with cash, certified cheque, or uncertified cheque for amounts up to \$2,500 before we can release them.

If you have RMD privileges, the courier can immediately deliver your goods after we release them. See the section called “Release on minimum documentation (RMD)” on page 7 for details.

For more information on accounting for your shipment, see the section called “Step 5 – Accounting for Your Shipment” on page 8.

Protecting Canadians

At the CCRA, we enforce import laws and regulations to protect the social and economic well-being of Canadians and Canadian businesses.

It is in your best interest to find out as much as possible about reporting, releasing, accounting, and paying duties to make sure you conduct your business within the law. Doing business correctly each time you import will save you and the CCRA time and money.

Compliance means faster service

We believe that most of our clients voluntarily comply with the law once they understand their obligations and know how to meet them.

When you comply with the law, your goods will be subject only to the occasional random examination, which reduces your goods’ release time and your business costs.

To determine if you, your goods, or your carrier is high-risk or low-risk, we maintain compliance and commodity profiles to target shipments for examination based on risk-management principles.

Penalties for non-compliance

At the CCRA, we recognize that some people willfully attempt to break the law by falsifying accounting documents, smuggling, misdescribing, or undervaluing goods.

For those who contravene the law, the *Customs Act* allows us to seize the goods **and** the vehicles in which they were transported.

The severity of action we take for smuggling commercial goods depends on the circumstances surrounding the violation. To be fair and consistent, we judge each case against established parameters. We will prosecute for more serious offences, like fraud.

If you contravene the law, you can expect us to examine your goods more frequently until you establish a record of compliance.

Settling disputes

You can appeal if you disagree with the reasons why we have seized your goods. To take advantage of this dispute-settlement mechanism, you have to submit a letter indicating that you intend to appeal the seizure. You have 30 days from the seizure date to submit this letter to us. You can present additional information to support your appeal at a later date.

If you disagree with our final decision, you have 90 days from the decision date to file a claim statement with the Federal Court of Canada justifying your appeal.

Need More Information?

For more information:

- call the CCRA's ACIS. For more information and telephone numbers, see Appendix C on page 18 of this guide;
- pick up copies of other CCRA publications; or
- visit our Web site at: www.ccra-adrc.gc.ca

Your Comments or Suggestions

We are committed to providing you with quality service in an accessible, dependable, and timely way. If you have any comments or suggestions about the service you receive, ask to see the superintendent at the customs office where you received the service. The superintendent will look into the matter for you. You can also write to the appropriate manager at a customs office, or to:

The Commissioner
Canada Customs and Revenue Agency
Ottawa ON K1A 0L5

Appendix A – Form B3 Elements

Our staff members can help you determine the proper tariff classification, value for duty, origin, and the duty and tax rates that apply, and will provide written rulings on request. You can contact us by calling the CCRA's ACIS and speaking to an agent. The agent will refer you to a staff member who specializes in these matters. You can find this number in "Appendix C" of this publication, or under the listings in the government section of your telephone book.

Value for duty

The value for duty is essentially the price you pay for the goods (selling price) converted to Canadian funds, with certain additions or deductions. Examples of additions to the selling price include amounts you pay for royalties and licences and selling commissions. Examples of deductions include amounts for volume discounts you receive and brokerage fees the vendor pays.

The transaction value method is Canada's primary system of valuing imported goods, and is based on an internationally approved set of rules under the World Trade Organization (WTO) Agreement, also known as the General Agreement on Tariffs and Trade (GATT), to which Canada and most of its major trading partners are parties.

To use the transaction value method, a sale in the country of origin for export to Canada must have taken place, and there must be a price paid or payable for the goods.

In rare cases when you cannot use the transaction value method, you must use other methods to determine the goods' value for duty. For more information on these valuation methods, see Memorandum D13-3-1, *Methods of Determining Value for Duty*.

For more details on how to determine the value for duty of your shipments, see the Memoranda D13 series.

Tariff classification

Many trading countries, including Canada, the United States, Japan, and Great Britain, use the harmonized system (HS) of classification. In Canada, the classification number consists of 10 digits:

- the first six digits are standardized or harmonized for all countries using the international tariff;
- the seventh and eighth digits are for Canadian trade purposes; and
- the last two digits are the statistical suffix.

Example

The tariff classification for ladies' all-leather shoes is:

6403.59.90.92

6403.59 – the international tariff number

90 – Canadian number for trade purposes

92 – the statistical suffix

On your invoice, there has to be enough detail for you to identify the goods, determine the quantity, and correctly establish the tariff classification. If the invoice contains these details, you can avoid later reassessments of duties.

Once you have identified the goods, you can determine the tariff classification number by referring to the *Customs Tariff* and its explanatory notes. Please keep in mind that these international notes are written in British English, so it may be difficult to find certain information. For example, if you want information about trucks, you would find details under "lorry," the British word for truck.

It is important that you use the correct tariff classification number and statistical suffix. We are responsible for providing trade information to Statistics Canada. The information which Statistics Canada extracts from the invoice and Form B3 helps to paint a true picture of Canada's economic situation. This information is used nationally to establish monetary policy and promote Canadian interests abroad, and internationally by foreign investors who are considering Canada for potential business.

Therefore, all data must be accurate, especially for shipments from the United States, since that country exchanges import data with us.

Special classification provisions in Chapter 99 of the *Customs Tariff* are unique to Canada and provide importers with lower rates of duty. These classification provisions eliminate or reduce the customs duty rate for qualifying goods under specific conditions, such as the end-use of the goods in Canada. Once you have determined the initial 10 digit classification number in Chapters 1 to 97, you should verify whether your goods qualify for classification under a Chapter 99 special classification provision.

You can find copies of both the *Customs Tariff* and the explanatory notes at most customs office. For more details on Canada's classification system, see the Memoranda D11 series.

Origin

The country of origin of your goods determines the trade agreement under which they qualify, and the tariff treatment they will receive. Depending on the country of origin and whether that country is a partner in a trade agreement with Canada, some goods may receive a preferential or lower customs duty rate.

Once you establish the tariff treatment and tariff classification of the goods, you can determine the customs duty rate that applies.

For more information on the rules of origin and tariff treatments, see the Memoranda D11 series.

Duties relief

You can take advantage of CCRA's drawback, refund, and remission programs, which are collectively known as duties relief programs. You can use them to reduce, eliminate, or

defer customs duties on qualifying goods. These and other programs enable Canadian businesses to compete more favorably in the world market.

Drawback

Drawback programs allow eligible claimants to receive a full or partial drawback of duties paid on items which, in some cases, you import to manufacture goods you will later export. Drawbacks are also available for qualified goods you use for specified purposes and that are consumed in Canada. For more information on drawbacks, see the Memoranda D7 series.

Duty deferral program

Under the duty deferral program, you can defer paying duties on goods for export or that you use to process goods you later export. You must apply to participate in this program.

Refunds

We can grant refunds of full or partial duties you paid on exported or destroyed goods, defective goods, shortages, or equipment you removed from the goods and returned to the manufacturer for credit. For more information on refunds, see the Memoranda D6 series.

Remissions

At the CCRA, we administer a variety of legislation, including remission orders and orders-in-council. All goods entering Canada, even those imported temporarily or exported temporarily, are subject to duties on their full value, unless there is a specific provision in legislation or regulation that entirely or partially relieves you of this obligation. Some of this legislation may apply only to goods imported by a specific importer. Remissions programs include the following programs.

Temporary importation programs

Under the temporary importation programs:

- goods you temporarily import for a trade show can enter duty-free;
- goods you temporarily export to the United States for warranty repair can enter duty- and tax-free; and
- goods you temporarily import to use in an emergency can enter duty-free. (You have to export any goods not consumed or destroyed during the emergency when they are no longer required.)

Temporary exportation programs

The Canadian Goods Abroad program allows for the partial or full relief from payment of duties on goods that you export for repairs, additions, or work done abroad and that are later returned to Canada, as long as you meet specific conditions.

The *Repair Abroad of Canadian Civil Aircraft, Canadian Aircraft Engines and Flight Simulators Remission Order* outlines and explains the conditions under which remission is granted on the difference between the tax paid or payable and the duty paid or payable on the value of the repair for the goods that you exported for repair.

The *Tariff Items Nos. 9971.00.00 and 9992.00.00 Accounting Regulations* set out the customs duty rates we levy on goods, regardless of origin, which are returned to Canada after being exported to the United States, Mexico or Chile for alteration or warranty or non-warranty repairs.

Goods originating in Canada or goods which have been accounted for and released that have been exported, may be returned to Canada under tariff item Nos. 9813.00.00 or 9814.00.00 respectively if they have not been advanced in value or combined with any other article abroad.

Appendix B – Other Service Options

We offer a range of service options to established importers. Many of these processes involve EDI technology, and replace the standard paper alternatives available to clients with release on minimum documentation (RMD) privileges.

Line release

The following line release options speed up the release processing times of commercial goods and reduce traffic congestion at border crossings.

Prearrival Review System (PARS)

The Prearrival Review System (PARS) is one option of the line release process which is available to importers. The PARS release information contains the shipment's estimated time and date of arrival, the invoice data and the original copy of any required permits.

You can submit PARS documentation/data up to 30 days before the goods arrive in Canada, so we can process the documentation and enter the cargo control number and either a recommendation for release or examination into our computer system. The release recommendation will be ready when your goods arrive if you submit your PARS request at least:

- EDI 1 hour in advance
- Paper 2 hours in advance

When your shipment arrives, we will release it in minutes unless an examination is required.

For details on line release, see Memorandum D17-1-5, *Importing Commercial Goods*.

Frequent Importer Release System (FIRST)

FIRST is the other line release option. If you have established a sound compliance record, you can apply for FIRST privileges to obtain release of low-risk, low-revenue shipments that you import on a regular basis. If you qualify, we give you an authorization number which appears on your pre-approved import document that identifies your FIRST shipments.

When the goods arrive at the border, the carrier presents the import document with the bar-coded authorization and transaction number, a description of the goods, and related invoices. We input the bar code into our computer system to confirm that you have FIRST privileges for the goods on hand. The customs officer then decides whether to release the shipment or refer it for examination.

Release Notification System (RNS)

The Release Notification System includes four features: automatic release notification, arrival certification, status query, and automatic status.

If you are authorized to use the automatic release notification feature of RNS, you can have data confirming

release of your goods electronically transmitted in the United Nations Electronic Data Interchange for Administration, Commerce and Transportation (UNEDIFACT) message format to your EDI mailbox using a third-party EDI network, also known as a value-added network (VAN), through the Customs Internet Gateway or through CADEX telecommunication lines. The RNS message can be used to update your systems to schedule deliveries or initiate the preparation of accounting data, as well as to electronically notify other parties affected by the release and ensure more timely delivery of your shipments.

If you are approved to use arrival certification, you can establish two way electronic communication to notify us of the arrival of commercial shipments. You can also verify if we have processed the release documents for your shipment using the status query feature or by receiving an automatic status message. If you choose to transmit an arrival certification message we can advise you whether the goods have been released or referred for examination.

Electronic data interchange (EDI) release

EDI release allows you to electronically transmit release data, including invoice information, to the Accelerated Commercial Release Operations Support System (ACROSS). A customs officer reviews the information and transmits the release decision back to you via the RNS/CADEX Release Notification Report. For more information on EDI release, contact the Electronic Commerce Unit in Ottawa at 1-888-957-7224 or see the brochure called *Using Electronic Data Interchange for Your Customs Releases*.

Customs Internet Gateway

The Customs Internet Gateway went into production on July 31, 2000. It is an alternative way of transmitting customs data. Clients can apply to transmit their CADEX B3 accounting data, ACROSS release data, send arrival messages and receive their RNS release messages over the Internet. For more information, contact the Electronic Commerce Unit at 1-888-957-7224 or visit the Web site at: <https://reg-pki-ext.ccra-adrc.gc.ca/pki/welcome-e.html>

Foreign Affairs/Customs Automated Permit System (EXCAPS)

Under EXCAPS, importers/ brokers apply for a permit with the Department of Foreign Affairs and International Trade (DFAIT). DFAIT then electronically transmits the permit information to our ACROSS. The importer/broker transmits the release information and ACROSS matches the release data to the EXCAPS permit. A customs inspector then processes the release and permit information, and once the goods are released, a notice is returned to DFAIT informing them that the permit has been used.

Customs Automated Data Exchange (CADEX) system

At the CCRA, we offer an alternative to presenting paper copies of Form B3, *Canada Customs Coding Form*. We process 96% of all the B3 forms we receive using the CADEX system. This system also provides you with access to reports and files to assist in the electronic preparation of Form B3.

If you receive authorization to use CADEX, you can electronically transmit your Form B3 information directly to our computer system over telecommunications lines.

Customs Declaration (CUSDEC)

This is another way to electronically transmit accounting data. CUSDEC is an international format that uses UN/EDIFACT, and operates in a manner similar to CADEX.

EDI marine and rail cargo systems

The EDI marine cargo and rail systems allow marine and on rail carriers and agents to electronically transmit vessel and cargo report data to the CCRA 7 days a week, 24 hours a day, standard, ANSI X12.

For more information on EDI, marine and rail cargo, CADEX, CUSDEC or RNS, contact the Electronic Commerce Unit (toll free) at 1-888-957-7224.

Customs/Canadian Food Inspection Agency (CFIA) interface

Commodities that have requirements from this agency may be released by EDI in some locations. The interface is serving as a model for the development of similar arrangements with other government departments. If you are interested in finding out how to participate in this interface, contact the Electronic Commerce Unit (toll free) at 1-888-957-7224.

Commercial Cash Entry Processing System (CCEPS)

The Commercial Cash Entry Processing System is a self-serve automated system designed to facilitate the document preparation process required for the clearance of commercial importations. Personal computers are located at counters in designated customs offices. Based on importation information that you input for your goods, CCEPS calculates the applicable duties and taxes. It then generates a completed hard copy of Form B3.

A customs officer enters the data from Form B3 into the ACROSS and forwards the form to the cashier. Once you have accounted for the goods, you will receive a copy of the form stamped "duty paid" and you can take delivery of your goods.

Small Business Customs Library

The Small Business Customs Library (SBCL) is a CCRA Internet site that provides an electronic customs service 7 days a week, 24 hours a day.

The SBCL contains general information on importing and exporting, including tariff treatments, duty rates, an exchange rate converter, Customs Notices, and news releases. You can also access connections to other Internet sites such as other government departments, foreign customs administrations, transportation and freight forwarder sites.

You may be able to complete and print Form B3, and submit it to your local customs office. You can also print such forms as Form A and Form B2, *Canada Customs - Adjustment Request*, and complete them by hand.

In the future, you may be able to complete your own customs transactions over the Internet, pay duties electronically, and obtain release of imported goods from your own office.

Appendix C – Automated Customs Information Service (ACIS)

The ACIS is a computerized, 24-hour telephone service that automatically answers all incoming calls and provides general customs information. You can use a Touch-Tone™ telephone to hear recorded information on a variety of customs topics such as personal importations, travellers' exemptions, commercial importations/exportations, postal information, currency exchange rates, CANPASS, and trade agreements.

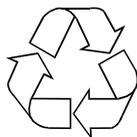
The service is available in both official languages. If you call during office hours, you can speak directly to an agent if you need more specific information.

If you use a rotary-dial telephone, you cannot hear the ACIS recorded information. However, if you call the ACIS during office hours, your call will be transferred directly to an agent.

You can access the ACIS free of charge throughout Canada by calling 1-800-461-9999. If you are calling from outside Canada, you can access the ACIS by calling (204) 983-3500 or (506) 636-5064. Long distance charges will apply.

For more information on ACIS, see the pamphlet called RC4040, *Automated Customs Information Service*.

Think recycling!



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