

Locator Code: 058B

MEMORANDUM D17-3-1

In Brief

Ottawa, February 27, 1996

SUBJECT

APPENDIX TO MEMORANDUM D17-3-1

1. Forms A 49 and A 50 were not printed with the last version of Memorandum D17-3-1, *The New Automotive System — Highway Mode*, dated October 26, 1995.
2. Please replace page 3 and insert the attached pages 3 to 6 in the Appendix to Memorandum D17-3-1.

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MEMORANDUM D17-3-1

Ottawa, October 26, 1995

SUBJECT

THE NEW AUTOMOTIVE SYSTEM — HIGHWAY MODE

This Memorandum outlines and explains the terms and conditions for the release and accounting of automotive production and service goods arriving by highway.

GUIDELINES AND GENERAL INFORMATION

Definitions

1. In this Memorandum:

- (a) “automotive production goods” means original equipment imported under a code listed in column I and described in column II of item 4 of schedule I to the *Motor Vehicle Tariff Order 1988*. The codes are shown in the *Customs Tariff*;
- (b) “automotive service goods” means aftermarket automotive parts, and accessories and parts thereof, imported for use in the maintenance and repair of automobiles, buses, and specified commercial vehicles;
- (c) “Revenue Canada control office” means a Revenue Canada office identified to look after import transactions of a particular automotive company. As such, Oakville is the control office for Ford, Oshawa is the control office for General Motors, and Windsor is the control office for Chrysler.

2. The automotive release and accounting procedures described in this Memorandum are based on the Advanced Shipping Notification (ASN) system. The ASN system is part of the New Business Relationship Initiative which the Department has launched to adapt Revenue Canada requirements more closely to the needs of Canadian industry.

3. The ASN system is designed to improve the reporting and release processes for production and service goods imported by automotive manufacturers. Its chief feature is the linking of manufacturers’ internal shipping notification information with carrier shipment reporting. The system was implemented in conjunction with alternative procedures for revenue accounting and compliance verification.

4. The ASN system creates a release inventory of automotive production and service goods arriving by highway and imported by General Motors of Canada Limited, Ford Motor Company of Canada Limited, and Chrysler Canada Limited.

5. Goods used in the production or service of an automobile qualify for release and accounting under these procedures (complete vehicles excluded). Production and service goods imported by General Motors, Ford and Chrysler obtain line release (release at the primary line inspection) on the strength of a transportation document only. For highway shipments, a Form A 49, *Automotive Report & Release Document*, is used. For shipments arriving by other modes of transport (rail, marine, and air), only the prescribed cargo document is used to obtain line release. Shipments of goods commonly referred to as “miscellaneous goods” which are not for direct use in the production or the service of automobiles, are not part of this

system and do not qualify for line release (e.g. stationery, tooling equipment, prototype or pilot parts, blue prints, computers).

Documentation Requirements

6. Automotive production and service goods imported by highway mode for General Motors, Ford, and Chrysler must be documented on a properly completed Form A 49. This document replaces the existing cargo control document for highway shipments and is used to report and obtain release of imported production and service goods as well as to create the release inventory.

7. Form A 49 will quote a unique release number for each shipment reported to Revenue Canada. This unique release number will be used by Revenue Canada and the automotive companies for control purposes. Shipments destined for General Motors will be identified on Form A 49 by quoting the shipping date and a shipment identification number as a unique release number. Shipments for Chrysler and Ford will be identified by a combination of a trailer number/packing slip number as the unique number.

8. Consolidated shipments will be reported on one Form A 49. A unique release number will be quoted on Form A 49 for each shipment included in the consolidated load.

9. Copies of Form A 49 are available at applicable border Revenue Canada offices. Requirements for the completion of Form A 49 can be found in the Appendix.

10. Suppliers and carriers may privately print the Form A 49. Privately printed documents must adhere to the format and specifications provided in the Appendix. If deviations from the established layout are planned, carriers should obtain approval prior to printing by writing to:

Advance Shipping Notification Group
Inspection and Control Division
Revenue Canada
17th floor
Sir Richard Scott Building
191 Laurier Avenue West
Ottawa ON K1A 0L5

11. Departmental approval is not required for the private printing of the Form A 49. However, a document that does not conform to departmental requirements will be rejected. In such instances, the carrier will have to reprint the document so that it meets Revenue Canada requirements.

12. If desired, bar-coded release numbers will be used. Bar-coded release numbers must be approved by Revenue Canada prior to printing of the release numbers or labels. Bar-coding technical requirements can be found in Appendix H to Memorandum D3-1-1, *Regulations Respecting the Importation, Transportation and Exportation of Goods*.

Other Government Department Requirements

13. Automotive manufacturers are responsible for ensuring that their production and service shipments meet all requirements of other government departments (OGDs). This means that all permits, licences, and certificates necessary to satisfy the requirements of other government departments are to be presented at time of release, unless special arrangements have been made with Revenue Canada and the other department concerned. Otherwise, the shipments will be held until such time as these requirements are met. In addition, the automotive manufacturers must take steps to respect trade embargoes for all goods imported under the ASN system. In those cases where goods subject to controls or prohibitions are released in error, the participating companies will secure the goods and advise the Department promptly so that measures can be taken to correct the situation, e.g., submission of required permits or re-export of goods.

14. In order to verify OGD requirements, the automotive manufacturers may, at their discretion, forward descriptions of the goods to be imported, and also a list of those countries from which the goods are imported, to Revenue Canada Headquarters at the following address:

Interdepartmental Programs
Transportation Division
Revenue Canada
5th floor
Connaught Building
555 MacKenzie Avenue
Ottawa ON K1A 0L5

Report and Release Procedures

15. At the first point of arrival in Canada, the carrier must report all highway automotive production and service goods on a Form A 49. The carrier will present one copy of the Form A 49 to Revenue Canada.

16. The customs inspector will review the Form A 49 to ensure it is properly completed and that a unique release number has been assigned to each shipment. When the customs inspector is satisfied that all the conditions for release have been met, the shipment will be released. Revenue Canada will retain the Form A 49 for transmission to the data room for input into the ASN system.

17. The Form A 49 must accompany the carrier for shipments referred to secondary. Upon completion of the examination, the customs inspector will retain the documents for transmission to the data room for input to the ASN system.

18. Should a Form A 49 not be presented or should it be either missing information or illegible, the carrier will be referred to secondary to complete a form or to correct existing data, whichever is appropriate. Referral to secondary may delay the release of the shipment.

Goods not Qualifying as Production or Service

19. If the goods have been released and it is determined that the Form A 49 showed a shipment not qualifying for production or service goods, the automotive manufacturer will return the Form A 49 with a cargo control number, a transaction number, and the applicable Report and Release Identifier Number (RRID) to the Revenue Canada control office. The Revenue Canada control office will key the information provided into the Release Support System (RSS) of the Customs Commercial System (CCS) using an updated release date to create a release record.

Production or Service Goods Reported on a Low-Value Shipment (LVS) List

20. Production or service goods valued under \$1,200 reported on a LVS list will be processed in the same manner as other LVS goods.

21. When highway production or service goods are reported on a LVS list as having a value of \$1,200 or greater, Revenue Canada will notify the courier and have the courier submit a Form A 49 for each shipment.

22. Upon presentation of a Form A 49, Revenue Canada will acquit the production and service goods reported on the LVS list by the unique number quoted on the Form A 49 and will input the shipment data into the ASN system to create a report and release record.

Production or Service Goods Reported as Regular Automotive Goods

23. Where production or service goods are reported as regular automotive goods and Revenue Canada has allowed these goods to go in bond in error, the automotive manufacturer or the carrier will prepare and submit a Form A 49, along with the Long Room and Customs Delivery Authority copies of the cargo control document (CCD), to Revenue Canada.

24. When the CCD and the Form A 49 are presented, Revenue Canada will acquit the release record in RSS by the unique number on the Form A 49. In cases where the unique number on the Form A 49 is more than 15 characters in length, Revenue Canada will input the first 15 characters of that number to acquit the release record.

25. The Customs Delivery Authority copy of the CCD is date-stamped and returned to the warehouse operator.

26. The Form A 49 is forwarded to the designated data room for input into the ASN system.

Production and Service Goods/Direct Delivery

27. Where production or service goods are delivered directly to the automotive manufacturer without official Revenue Canada release, the automotive manufacturer will transmit a Voluntary Entry via the Customs Automated Data Exchange System (CADEX). To identify the voluntary entry in CADEX, P- or S-type entries with an additional description line containing the word "VOLUNTARY" will be sent to Revenue Canada.

Accounting

28. The importer will account for all production and service shipments released within the release period (the 18th of one month to the 17th of the next month) by the last business day of the month in which the release period ends.

29. Accounting will continue to be done on a transactional basis via CADEX using existing "P" and "S" entry types. Shipments released under the ASN system will be referenced in the Cargo Control Number field by the Report and Release Identifier (RRID) number generated within ASN.

30. Invoices and cargo control documents (including Form A 49 and Form A 8A, *Customs Cargo Control Document*) for service and production goods are no longer be required at the time of accounting. However, objective information substantiating the CADEX data transmitted will be made available by the automotive manufacturer within 48 hours of a request from Statistics Canada or the Department. Some examples of substantiating information would be pricing from supplier (from sales invoices/data transfer), confirmation of U.S. port of exit (from the carrier record), a price discount (from the purchase agreement), the shipment weight (from the sales invoice), and specific quantities of commodities imported.

Late Accounting

31. Highway production and service shipments not accounted for on time will be reported on a Monthly Overdue RRID Release Report and will be subject to penalties and interest. Shipments arriving by modes of transportation other than highway and not accounted for on time will be reported on the Monthly Production and Service Report and will also be subject to penalties and interest.

32. Procedures for cancellation of late accounting penalties are outlined in Memorandum D17-1-5, *Release of Commercial Goods*.

Interest

33. Interest will be self-assessed and shown on the Revenue Summary Form in all instances of late accounting causing late payment. Pursuant to Section 33.4 of the *Customs Act*, interest is payable at the specified rate on the outstanding balance, for the period from the day following the prescribed payment date, based on the release period, until the date of actual payment.

34. In cases of voluntary entries meeting certain conditions, interest will be reduced to the prescribed rate. If the conditions are not met, the specified rate is payable. The conditions are that the voluntary entries be "truly" voluntary, not the result of an audit, and that there be no relationship between the carrier and the party responsible for accounting.

35. Interest on anti-dumping and countervailing duties is calculated in accordance with Section 11 of the *Special Import Measures Act* (SIMA). Where interest is payable, it is calculated at the prescribed rate on a monthly basis using the simple interest formula.

Payment Process

36. The importer is responsible for self-assessing duty and taxes owing on all production and service shipments released during the previous release period. The importer will also self-assess revenue owing on complete vehicle imports. The client is responsible for reporting the revenue breakouts associated with self-assessed revenue including duty, Goods and Services Tax, amounts payable under the *Special Import*

Measures Act, excise, and related line-object codes. Revenue breakouts will accompany final payment and be reported on a revenue summary statement. Form K 84, *Importer/Broker Account Statement*, no longer reports production and service shipments.

37. In respect of goods subject to the *Special Import Measures Act*, the importer will identify all imported goods subject to SIMA measures and will self-assess and pay SIMA duties on goods subject to anti-dumping and countervailing measures at the time of accounting for the goods. A bond may be posted for provisional duties when provisional measures are in effect.

38. Payment is required by the last business day of the month in which the release period ends, and is to be made at the Revenue Canada control office for the respective automotive manufacturer.

Verification

39. Manufacturers will ensure that their systems and related controls maintain audit trails that will produce complete, dependable, and accurate information to correctly:

- (a) report the entry of all goods;
- (b) classify the goods;
- (c) apply the rules of origin and tariff treatment;
- (d) establish their own duties-relief responsibility;
- (e) determine the value for duty;
- (f) determine and pay the amount of any anti-dumping, countervailing, or provisional duties applicable under the *Special Import Measures Act*. The audit trail for these duties must include both a description of the goods sufficient to determine subjectivity, and the calculation of the SIMA amount, which includes the normal value, export price, or amount of subsidy; and
- (g) comply with the requirements of Statistics Canada and other Government Departments for imported goods.

40. Any subsequent adjustments must be equally substantiated, and accurate records must be maintained. The participant may be assessed additional duties and interest if the audit trails are not complete, accurate, and dependable.

Penalties

41. Section 124 of the *Customs Act* authorizes the Department to invoke sanctions against those who contravene the Act or regulations. The maximum sanction for a contravention in regards to a conveyance is a sum equal to the value of the conveyance and, for a contravention in regards to goods, the sanction may be a sum equal to the value of the goods plus the duties payable.

42. For further information on penalties, refer to Memorandum D3-8-1, *Cargo Control Contraventions*, which describes the most common cargo control contraventions, and establishes guidelines concerning the sanctions Revenue Canada may invoke.

APPENDIX

INSTRUCTIONS FOR THE COMPLETION OF FORM A 49, *AUTOMOTIVE REPORT & RELEASE DOCUMENT*

Form A 49, *Automotive Report & Release Document*, must be completed for all production and service shipments arriving by highway, and imported by Chrysler Canada Ltd., Ford Motor Company of Canada Limited, and General Motors of Canada Limited. The following outlines the information to be shown on the Automotive Report and Release Form.

1. **Consignee Name and Address** – Indicate the name and the address of the automotive company importing the goods. On the Continuation Sheet, indicate the name only.
2. **Carrier Name** – Indicate the name of the carrier company transporting the goods into Canada.
3. **U.S. Port of Exit** – Indicate the U.S. border crossing for all shipments invoiced from the United States. The names of both the city/town and the state must be completed.
4. **Date of Border Crossing** – Indicate the date the shipment entered Canada.
5. **Country of Origin** – Indicate the Country of Origin of the imported goods. If the goods originate from more than one country, write “Various.”
6. **Release Office** – Indicate the name or number of the Revenue Canada office where the goods are reported and released.
7. **Master Bill of Lading No.** – Complete for Chrysler and Ford only (*for use on consolidated loads only*).
8. **Carrier Code** – Indicate the four-digit code starting with 2, 3, 4, or 7 used by Revenue Canada to identify the carrier. Improper codes can result in delayed release. *Do not use the SCAC code.*
9. **Trailer/Rail Car No.** – The trailer or rail car number is required for all shipments. Do not use the licence plate number.
10. **Shipping Date** – The date of direct shipment for each individual shipment from the Vendor is required. The format of the ship date must be completed as year, month, day. For example, September 25, 1997, would be shown as follows:

YY/ MM/ DD
97/09/25

11. **Packing Slip/SID No.** – The completion of this field is determined by the company to which the goods have been consigned:

Chrysler Canada Ltd. – Indicate the packing slip number;

Ford Motor Company of Canada Limited – Indicate the packing slip number;

General Motors of Canada Limited – Indicate the Shipment Identification Number (SID). This can be found on the Bill of Lading.

12. **Supplier Code or Name** – The completion of this field is determined by the company to which the goods have been consigned:

Chrysler Canada Ltd. – Indicate the five-digit Supplier Code first, followed by the supplier name;

Ford Motor Company of Canada, Limited – Indicate the five-digit Supplier Code first, followed by the supplier name;

General Motors of Canada Limited – Indicate the Supplier Name only.

13. **Supplier City** – Indicate the city and state where the supplier is located.
14. **Production/Service** – Indicate if the goods are for production or service by marking an “” in the appropriate column.
15. **No. of Packages** – Indicate the actual number of packages, parcels, drums, etc. being imported.
16. **Weight** – Indicate the gross weight and the unit measure (e.g. lb. or kg).
17. **Plant Code** – Indicate the plant code where the shipment will be delivered.
18. **Commodity Code** – From the Special Instructions section, select the appropriate commodity code to describe the goods (A to L above). If none of these codes accurately describes the goods, write the description on one of the additional lines (M, N, O, or P) and indicate
19. **Driver’s Name (Print)** – Indicate the name of the driver of the conveyance transporting the goods into Canada.
20. **Driver’s Signature** – The signature of the actual driver (field19) must appear in this field.
21. **Page 1 of _____** – Indicate the total number of pages of the RRD. If there is more than one page, the Continuation Sheet should be used. This field must be completed on all subsequent pages. When completing more than one page, one must also complete fields 1, 8, and 9 for each page

INSERT FORM A 49

INSERT FORM A 50

REFERENCES

ISSUING OFFICE

Inspection and Control Division

LEGISLATIVE REFERENCES

Customs Act, sections 32 and 33

Accounting for Imported Goods and

Payment of Duties Regulations, sections 3 to 17

HEADQUARTERS FILE

604-0, 604-1, 604-3, 604-5, 604-6,
604-9, 604,11

SUPERSEDED MEMORANDA "D"

D17-3-1, October 18, 1994

OTHER REFERENCES

Motor Vehicle Tariff Order 1988

D3-1-1, D3-8-1, D17-1-5