

Memorandum D17-4-0

Ottawa, May 31, 2002

In Brief

SUBJECT

**COURIER/LOW VALUE
SHIPMENT PROGRAM –
LOW VALUE COMMERCIAL GOODS**

This Memorandum has been revised to include an explanation of the Canada Customs and Revenue Agency's private communications policy and instructions for rejected individual accounting packages for shipments listed in the Courier/Low Value Shipment (LVS) Program, to be presented in hard copy to the customs office issuing the reject notice. As well, the appendices have been modified to remove the list of Courier/LVS participants.

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SUBJECT

COURIER/LOW VALUE SHIPMENT PROGRAM – LOW VALUE COMMERCIAL GOODS

This Memorandum describes the requirements for the reporting and release of commercial goods under the Courier/Low Value Shipment (LVS) Program.

GUIDELINES AND GENERAL INFORMATION

1. The Courier/LVS Program streamlines the reporting, release, and accounting procedures for certain goods imported by courier. Couriers authorized by the Canada Customs and Revenue Agency (CCRA) to participate in the program may have qualifying goods released by presenting a cargo/release list to the CCRA. The goods qualified under this program must:

- (a) be valued at less than CAN\$1,600; and
- (b) not be controlled, prohibited, or regulated by an Act of Parliament. The D19 Memoranda series “Acts and Regulations of Other Government Departments,” contains information on goods that are controlled, prohibited, or regulated.

DEFINITIONS

2. Terms used in this Memorandum are defined as follows:

“Act” means the *Customs Act*; (*Loi*)

“commercial goods” means goods imported into Canada for sale or for any commercial, industrial, occupational, institutional, or other like use; (*marchandises commerciales*)

“courier” means a commercial carrier that is engaged in scheduled international transportation of shipments of goods other than goods imported as mail. (*messengeries*)

AUTHORIZATION OF COURIERS

3. Couriers wishing to participate in the Courier/LVS Program must request authorization from the CCRA. The request must be submitted to:

Manager
Postal, Courier and Casual Refund Program
Import Process Division
Operational Policy and Coordination Directorate
Canada Customs and Revenue Agency
Ottawa ON K1A 0L5

4. Couriers are eligible to participate in the program if the courier:

- (a) is a bonded carrier;

- (b) will report goods in accordance with the Act and relevant regulations;
 - (c) will post security in accordance with the “Security for Release of Goods” section of the Regulations of Memorandum D17-1-0, *Accounting for Imported Goods and Payment of Duties Regulations*; and
 - (d) has not had its authorization to participate in the program cancelled within the previous 12 months.
5. The CCRA may cancel a courier’s authorization to participate in the Courier/LVS Program if the courier:
- (a) requests in writing that the CCRA do so;
 - (b) is bankrupt;
 - (c) made a misrepresentation in obtaining the authorization;
 - (d) has failed to comply with any act or regulation that prohibits, controls, or regulates the importation or exportation of goods into or out of Canada;
 - (e) made a misrepresentation regarding the courier’s responsibilities as an authorized courier under this program; or
 - (f) no longer meets the requirements in paragraph 4.

COST RECOVERY

6. In cases where the courier requests special services for the clearance of Courier/LVS shipments, a cost recovery fee may be charged. The cost recovery policy applies when:
- (a) the service being requested is outside the area served by a customs office;
 - (b) the service being requested is outside regular business hours; or
 - (c) service on demand is being requested, i.e., outside the ordinary course of the officer’s duties.
7. Accordingly, an agreement at the local customs office where the services are requested must be completed for all services being rendered by that CCRA office.
8. For more details on special services, please see Memorandum D1-2-1, *Special Services*.

CARGO/RELEASE LIST

9. The cargo/release list for authorized participants of the Courier/LVS Program is to be used in place of individual cargo control and release documents for goods valued under CAN\$1,600. The list must be presented to customs by the courier prior to or immediately upon arrival of the shipment in Canada. It must be accurate and contain a concise description of the goods so that the customs inspector can determine the admissibility of the goods. Goods that are excluded as outlined in paragraph 7.1(a) of the *Accounting for Imported Goods and Payment of Duties Regulations* must not be reported on the cargo/release list. Couriers must make every effort to ensure that the cargo/release list contains only authorized LVS goods.
10. The cargo/release list must be typed and contain the following information in the heading:
- (a) carrier code;
 - (b) carrier name;
 - (c) United States port of exit;
 - (d) vehicle identification number:
 - (1) for shipments arriving by highway, use the licence number, including province or state and year, and trailer number;

- (2) for air, use the aircraft registration number or the flight number;
 - (3) for marine, use the vessel name and vessel registration number; and
 - (4) for rail, use the rail unit car initials and number;
- (e) office of release; and
- (f) date.
11. The following information must also be shown for each shipment on the cargo/release list:
- (a) a unique identifier number generated by the courier;
 - (b) the consignee's name and address;
 - (c) the importer's name and address if different from the consignee's;
 - (d) the name and address of the shipper, exporter, or vendor;
 - (e) the quantity;
 - (f) the weight of the shipment;
 - (g) the estimated value for duty in Canadian dollars;
 - (h) a description of the goods; and
 - (i) the country of origin.
12. The total number of shipments must be indicated on the cargo/release list.
13. A sample format for a cargo/release list is contained in Appendix A.

COURIER/LVS PROGRAM RELEASE PROCESS

14. When Courier/LVS shipments arrive in Canada at an office other than the office of release, the in-bond movement of the shipments to the office of release is permitted provided that the entire container or load is moved inland. Deconsolidation to move only part of the load is not permitted.
15. Prior to or upon arrival of the shipment, the courier must present to the CCRA two copies of a cargo/release list. The list must contain all the low value shipments for which release is being requested.
16. The customs officer reviews the list and highlights any shipments that require examination. Goods that have not been selected for examination are considered released. The officer will release stamp one copy of the list and return it to the courier as proof of release by the CCRA. The second copy is retained by the CCRA.
17. Goods selected for examination must be presented to customs in the designated customs area of the warehouse. Failure to present the selected goods may result in penalties. The officer examines the selected shipments and makes a decision to either release the shipments or reject the goods from the cargo/release list.
18. If customs rejects a shipment from the cargo/ release list, Form Y50, *Reject Document Control*, is completed and the courier is provided with a copy. The shipment is removed from the cargo/release list by the courier, who issues a Cargo Control Document. Afterwards, the courier advises the appropriate broker or importer that a release/accounting package must be presented to customs for the release of the goods. The requested individual accounting package for shipments removed from a cargo/release list in the Courier/LVS Program must be presented as a hard copy accounting package to the customs office that issued the reject notice. Shipments rejected from the cargo/ release list by the customs officer are subject to the requirements for release under formal customs processing. These requirements are explained in Memorandum D17-1-5, *Importing Commercial Goods*.

19. Once goods are released, the courier is responsible for providing to the importer or customs broker all release information and supporting documentation for each shipment. The courier needs an undertaking from the importer or the importer's broker that the appropriate accounting will be done and the duties and taxes will be paid. The importer or broker needs to have posted security with customs in order to obtain release prior to payment.

20. Couriers, brokers, and self clearing importers shall follow the conditions listed in the "Memorandum of Understanding Between Couriers and Brokers/Agents," a copy of which can be found in Appendix B. Also, whenever a courier incorrectly assigns a release to a broker/importer, the latter must advise the courier of the error by completing and forwarding the "Courier/Broker/Importer Notification," and any supporting documentation to the courier. A copy of this form can be found in Appendix C. While the form may be customized, the format and data elements of this document should not be altered.

CCRA PRIVATE COMMUNICATIONS POLICY

21. The CCRA policy does not permit customs officers to read personal or private communications intended for delivery to the addressee that they find while conducting a physical examination. Personal or private communications include correspondence, information, letters, messages, notes, and similar communications, whether or not enclosed in an envelope. The term correspondence does not include invoices, order forms, cheques, newspapers, magazines, books, catalogues, blank forms, manuscripts, or recorded mass storage devices such as tapes, microfilms, or discs.

Exception: If a seizure action has taken place and the customs officer has reasonable and probable grounds to believe that a communication found accompanying seized goods may contain evidence of illegality, an exception to the above private communications policy is allowed.

ACCOUNTING FOR RELEASED GOODS

22. Low value commercial goods released under the Courier/LVS Program must be accounted for on a monthly consolidated Form B3, *Canada Customs Coding Form*, or CADEX type "F" entry. Accounting for these goods is due by the 24th day of the month following the month in which the goods were released, with the payment of the duties and taxes due by the end of that month. The importer or broker may consolidate the accounting document in any manner, either by importer, regional or national consolidation, using the Courier/LVS dummy classification number. For more details regarding accounting requirements and procedures, see Memorandum D17-1-0, *Accounting for Imported Goods and Payment of Duties Regulations*, and Memorandum D17-1-10, *Coding of Customs Accounting Documents* (Appendix J).

23. Goods to which the *Courier Import Remissions Order (CIRO)* applies do not require accounting under section 32 of the Act, as no duties and taxes are owed.

24. The importer must be provided with a receipt that details the transaction number reported to customs, a description of the goods, the value and tariff code of each item, the exchange rate, and the rate and amount of duties and taxes paid. In addition, the unique shipment number (tracking number, i.e., waybill number) which is identified on the cargo/release list should be provided.

25. When claiming the benefits, importers and brokers should ensure that they follow the policy guidelines contained in Memorandum D11-4-2, *Proof of Origin*, and Memorandum D11-4-14, *Certification of Origin*.

COLLECTION OF PROVINCIAL TAXES

26. The CCRA and certain provinces have reached agreements for the collection of the harmonized sales tax (HST), provincial sales tax (PST), and tobacco and alcohol taxes on the importation of casual goods. Casual goods are defined as any goods imported into Canada other than goods imported for sale or for any commercial, industrial, occupational, institutional, or other like use. Casual goods may not be accounted for as commercial goods. The determination that the goods are in fact casual is made by considering the ultimate purchaser of the goods.

27. Generally, where an agreement exists between the CCRA and a province, the HST, PST, and provincial alcohol and tobacco taxes must be assessed and collected on imported casual goods. For those couriers or brokers who do not remit the HST and/or provincial taxes at the time of accounting, their casual shipments will not be released until the payment is made. Further details regarding the accounting of these provincial taxes can be found in Memorandum D17-1-22, *Accounting for the Harmonized Sales Tax, Provincial Sales Taxes, Provincial Tobacco Taxes, and Alcohol Mark-ups/Fees on Casual Importations in the Courier and Commercial Streams*, and the rates and provincial agreements can be found in Memorandum D2-3-6, *Non-Commercial Provincial Tax Collection Programs*.

SHIPMENTS RELEASED IN ERROR

28. Couriers must make every effort to ensure that the cargo/release list contains only authorized LVS goods. However, if errors occur, certain steps must be followed as indicated below.

High Value Shipments

29. If shipments valued at CAN\$1,600 or more are released in error under the Courier/LVS Program, the importer or broker must submit Form B3, *Canada Customs Coding Form*, type V (voluntary) accounting document, within five days of release. Form B3 must be accompanied by the corresponding invoice. These documents can be presented at any customs office.

Requirements of Other Government Departments

30. If controlled, prohibited, or regulated goods are released in error under the Courier/LVS Program, the importer or broker must immediately notify the CCRA of the release error by submitting Form B3 (voluntary). The CCRA will then inform the applicable government department of the release error.

31. If goods subject to the *Export and Import Permits Act* are released in error under the Courier/LVS Program, the importer or broker should immediately contact the Department of Foreign Affairs and International Trade (DFAIT) to obtain the required import permit. When applying for the permit, the importer or broker should state, "Released in error under LVS on (release date)," in the "Other Terms and Conditions" block of the permit application.

Shipments Imported for Temporary Use

32. If **low value shipments** imported for temporary use are released under the Courier/LVS Program without the presentation of Form E29B, *Temporary Admission Permit*, and are subsequently exported, proof that the goods were imported for temporary use, as well as proof of export must be kept on the importer's or broker's premises for future compliance verification. The export documentation replaces the requirement for Form E29B accounting.

33. If an importer or broker discovers that **high value shipments** imported for temporary use, including high value repair shipments were released under the Courier/LVS Program, the importer or broker must submit Form E29B accompanied by the corresponding invoice and an explanatory letter. These documents may be presented at any CCRA customs office.

OVERAGE REPORTING

34. If the CCRA or the courier finds at the time of reporting that goods have not been reported, the courier must immediately document these goods on an amended cargo/release list or an overage/shortage report. All copies must be presented to customs for validation and processing. The CCRA will return a validated copy to the courier.

35. Under the Customs Post Audit System, qualifying companies may transport goods in bond under limited physical control if certain conditions are met. Regarding the non-report of goods by post audit carriers, the company must provide, within 24 hours of the shipment's arrival, proof that a cargo control document was prepared for the goods prior to their arrival in Canada. Acceptable proof includes presentation of the original cargo control document, an internal discrepancy report showing the loading error, or other supporting documentation. The carrier must prepare an amended cargo/release list and present it to the CCRA. Additional information regarding the Customs Post Audit System can be found in Memorandum D3-1-6, *Customs Post Audit System*.

36. If goods owned by the carrier (company owned material) are under-reported, the CCRA may seize the unreported goods and the conveyance.

SHORTAGE REPORTING

37. When a shipment reported on the cargo/release list is not on the conveyance, the courier must present a shortage report to customs. Otherwise, all goods reported to the CCRA on the cargo/release list must be accounted for. Duties and taxes will be assessed on the goods declared on the list unless acceptable evidence of a shortage is presented to customs.

38. Other types of shortages are when goods recorded in a shipment are missing, or only part of a shipment has arrived. As stated in Memorandum D3-1-1, *Regulations Respecting the Importation, Transportation and Exportation of Goods*, acceptable evidence of shortages includes written evidence of payment of a claim by a foreign carrier, or a statement by a customs or peace officer that the goods were lost or destroyed through an accident or fire. Documentation from the vendor, exporter, shipper, or warehouse operator at the point of departure attesting that a shortage did exist and was not the result of theft or loss is also acceptable. Documentation originating from the carrier is not considered acceptable evidence.

39. Evidence regarding the shortage must be presented by the party responsible for the payment of the duties and taxes on the shipment.

40. When domestic goods shipped from one point in Canada to another point in Canada are found astray in the United States, never having cleared customs, and are returned to Canada, the location where the goods are found is the transshipping point. Such domestic goods found as a result of a physical check conducted by the CCRA at the customs office of importation must be noted on all copies of the cargo/release list.

41. When a portion of a shipment previously identified as a shortage is subsequently forwarded to Canada, the goods must be reported on the cargo/release list, and in the description of goods field, a reference should be made to the original cargo/release list number.

CARRIER INFRACTIONS

42. Details of penalties involving various carrier infractions are contained in Memorandum D3-8-1, *Cargo Control Contraventions*.

COMPLIANCE VERIFICATION

43. All importers, brokers, and authorized persons who account for shipments released under the Courier/LVS Program are subject to compliance verification by the CCRA. Therefore, all related records of these shipments must be maintained for six years.

44. During compliance verification, the CCRA will verify if goods have been properly accounted for by the importer or the importer's broker/agent.

45. The CCRA requires the following information from importers and brokers in order to verify compliance:

- (a) evidence that the goods were reported on a cargo/release list;
- (b) a copy of the accounting document for the month being verified showing the transaction number and the duties and taxes paid, including any provincial taxes, where applicable;
- (c) supporting documentation such as invoices or packing slips showing how the duties and taxes were calculated. This information must be available on each unique shipment identification number, clearly demonstrating how the importer/broker accounted for each shipment;
- (d) a review of the accounting period by the importer, if requested by the CCRA;
- (e) proof that the goods were returned to the vendor, if applicable; and
- (f) any other supporting document relative to the compliance verification.

46. If the results of the compliance verification indicate that there may be instances of undervaluation, incorrect tariff classification or origin, or non-payment of the duties, goods and services tax/harmonized sales tax (GST/HST), and PST, the normal provisions of re-determination under section 59 of the Act will apply. Interest may be charged on any amounts payable to the CCRA.

REFUNDS AND ADJUSTMENTS

47. To apply for a refund or an adjustment for commercial goods, importers should submit Form B2, *Canada Customs – Adjustment Request*, to any CCRA customs office in Canada. For specific information and procedures, see Memorandum D17-2-2, *Processing of Adjustment Request Forms*, and Memorandum D11-6-4, *Legislative Authorities and Supporting Documentation Requirements for Form B2, Canada Customs – Adjustment Request*.

48. For casual goods, individuals should submit Form B2G, *Customs Informal Adjustment Request*, to the nearest Casual Refund Centre (CRC) listed on the form.

APPENDIX A

**CARGO/RELEASE LIST
(Courier Company Name)
Inbound to: Ottawa, Canada**

Date of Arrival _____

Carrier Code: _____

U.S. Port of Exit _____

Vehicle ID Number: _____

Office of Release: _____

Pkg ID Number	Qty	Consignee/ Importer Name and Address	Shipper/ Exp/Vend Name and Address	Weight	VFD	Description	Country of Origin
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Total Number of Shipments: _____

APPENDIX B

MEMORANDUM OF UNDERSTANDING BETWEEN COURIERS AND BROKERS/AGENTS

Note: For the purpose of this document, the term “broker” includes a customs broker and importers who handle/broker their own customs clearance.

1. All LVS courier participants will provide current client lists to the brokers prior to the implementation of the LVS system. Brokers will review these lists and advise couriers of any corrections, additions, or deletions. Couriers will appreciate the sensitive nature of this information and treat it as confidential.
2. It is the responsibility of the broker to cooperate with the couriers on an ongoing basis to maintain up-to-date client information. Brokers must immediately notify the courier of any additions, deletions, or changes to client information.
3. Couriers will agree to distribute the LVS Broker Consist List according to the brokers’ client list unless the courier has on file an agency agreement for a particular importer. The LVS Broker Consist List will be delivered to the brokers by the next business day following the shipment’s release.
4. Couriers will distribute the LVS Broker Consist List to resident brokers at the port of entry, or if requested by the broker, to an alternate central location through a mutually agreeable contract. When an alternate location has been agreed upon, the LVS Broker Consist List must be received within five days following release.
5. Couriers will make every possible effort to provide brokers with supporting documentation or the shipment declaration provided by the shipper either with the LVS Broker Consist List or immediately following the release of the goods. Couriers will attempt to advise brokers when invoices or the shipment declaration is not received at the Canadian destination. When exceptions occur, it is understood that all parties agree to work together to resolve the problem.
6. If the CCRA requests that a shipment be removed from a cargo/release list, the courier will ensure that the responsible broker is notified and that the supporting documentation and Form Y50, *Reject Document Control*, are provided in order that the required release package be presented.
7. The broker will account for all releases reported for its clients.
8. As soon as possible or within five business days following receipt of the release list, the broker will advise the courier, using the document “Courier/Broker/Importer Notification” (see Appendix C), of any incorrectly assigned releases and return any supporting documentation that was provided. Proof of documentation returned to the courier may be an electronic acknowledgment of the transmission in the case of electronics, or a sign-off in the case of a paper return. Brokers failing to notify the courier within five days must account for those releases.
9. Immediately or within two days of being notified of incorrectly assigned releases, it is the courier’s responsibility to reassign the release to the correct account security holder, or if that cannot be determined, to account for those releases.
10. In exceptional circumstances, requests to delay delivery of shipments based on all parties’ approval may be made in writing by the broker prior to the arrival of the goods. The courier will delay delivery of such shipments until the broker confirms that it will account for that shipment. Confirmation of the broker’s intention to account for such shipments will be made in writing, using the “Courier/Broker/Importer Notification.”

11. Couriers will provide and maintain brokers with a contact name and telephone number preferably on their Web site or by direct contact with the importer or association where updates and problem situations for LVS MOU related issues can be resolved.

Original Signed by

Mr. Levon Markaroglu
Customs Brokers Association of Canada

Original Signed by

Mr. Bob Armstrong
Canadian Association of Importers
and Exporters Inc.

Original Signed by

Mr. Gary Breininger
Canadian Courier Association

Original Signed by

Ms. Carol West
Canadian Society of Customs Brokers

APPENDIX C

COURIER/BROKER/IMPORTER NOTIFICATION

In order for the couriers and the accounting parties to properly account for all shipments this standard notification must be returned to the appropriate courier with all supporting documents within five business days according to the provisions of the MOU. This sheet should be signed off by the returning Importer or Broker and Courier and retained to satisfy CCRA in compliance audits.

Courier name: _____

Broker name: _____

Shipment ID number: _____

Date of LVS consist report: _____

Importer name: _____

Port:

Please check off the appropriate action required:

- We are not the Importer's Broker (*see #1 below*)
- Consignee shown is not the true Importer (*see #2 below*)
- Other (record details in comments)

1. Correct broker: (if known) _____

2. Correct importer: (if known) _____

For further information, contact: _____

Phone number: _____

Comments: (*any additional information or exceptions to be noted*)

Broker or Importer

Name (please print)

Signature/date

Approved and consist sheet update

Received by Courier

Name (please print)

Signature/date

Denied (see comments)

REFERENCES

ISSUING OFFICE –

Import Process Division
Operational Policy and Coordination Directorate

LEGISLATIVE REFERENCES –

Customs Act, sections 32, 40, and 43
Order in Council P.C. 1995-1352, August 16, 1995

HEADQUARTERS FILE –

7586-23

SUPERSEDED MEMORANDA “D” –

D17-4-0, March 9, 2001

OTHER REFERENCES –

D1-2-1, D2-3-6, D3-1-1, D3-1-6, D3-8-1, D8-2-16,
D11-4-2, D11-4-14, D11-6-4, D17-1-0, D17-1-2,
D17-1-5, D17-1-10, D17-1-22, D17-2-2

Services provided by the Canada Customs and Revenue Agency are available in both official languages.

This Memorandum is issued under the authority of the Commissioner of Customs and Revenue.