

Memorandum D17-1-0
Locator Code 771A

Ottawa, March 30, 1999

SUBJECT

**ACCOUNTING FOR IMPORTED
GOODS AND PAYMENT
OF DUTIES REGULATIONS**

This Memorandum contains the Regulations respecting the accounting for imported goods and the payment of duties.

Note: Any amounts of money referred to in these Regulations are in Canadian dollars.

Regulations

**REGULATIONS RESPECTING THE
ACCOUNTING FOR IMPORTED GOODS
AND THE PAYMENT OF DUTIES**

Short Title

1. These Regulations may be cited as the *Accounting for Imported Goods and Payment of Duties Regulations*.

Interpretation

2. In these Regulations,

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

“A.T.A. Carnet” means an A.T.A. (Admission Temporaire – Temporary Admission) Carnet referred to in the International Customs Convention on the A.T.A. Carnet for the Temporary Admission of Goods; (*Carnet A.T.A.*)

“automotive production goods” means goods described in tariff item No. 9957.00.00 in the List of Tariff Provisions; (*marchandises servant à la production d’automobiles*)

“automotive service goods” means automotive parts, and accessories and parts of accessories, imported for use in the servicing and repair of automobiles, buses and specified commercial vehicles; (*pièces de rechange pour véhicules automobiles*)

“billing period”, in respect of commercial goods, means the period that begins on the 25th day of a month and ends on the 24th day of the following month and that includes the earlier of

(a) the day on which the commercial goods are accounted for, and

(b) the last day on which the commercial goods are required to be accounted for; (*période de facturation*)

“business day” means a day other than Saturday or a holiday; (*jour ouvrable*)

“casual goods” means goods imported into Canada other than commercial goods; (*marchandises occasionnelles*)

“chief officer of customs”, with respect to an area or place, means the manager of the customs office or customs offices that serve that area or place; (*agent en chef des douanes*)

“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; (*messenger*)

“customs invoice” means a customs invoice in the prescribed form; (*facture douanière*)

“intoxicating liquor” has the same meaning as in the *Importation of Intoxicating Liquors Act*; (*boisson alcoolisée*)

“List of Tariff Provisions” means the List of Tariff Provisions set out in the schedule to the *Customs Tariff*; (*liste des dispositions tarifaires*)

“participants’ requirements document” means a document produced by the Department of National Revenue that sets out the specifications, terms and conditions for accounting for goods by electronic means; (*énoncé des besoins des participants*)

“release period”

(a) in respect of the release of intoxicating liquors that are imported by a department, board, commission or agency of the government of a province, means the period beginning on Sunday of the week in which the liquors are released and ending on Saturday of the following week;

(b) in respect of the release of goods imported as mail, means the period beginning on the first day of the month in which the goods are released and ending on the last day of that month; and

(c) in respect of the release of vehicles, automotive production goods and automotive service goods that are imported by a person named in the schedule, means the period beginning on the 18th day of the month in which the vehicles or the goods, as the case may be, are released and ending on the 17th day of the following month; (*période de dédouanement*)

“specified commercial vehicle” has the same meaning as in subsection 1(1) of Part 1 of the schedule to the *Motor Vehicles Tariff Order, 1998*; (*véhicule commercial spécifié*)

“vehicle” means

(a) automobiles, and

(b) buses and specified commercial vehicles that are complete or substantially complete or chassis for those buses and specified commercial vehicles; (*véhicule*)

“vessel” means any of the goods described in Chapter 89 of the *Customs Tariff*. (*bateau*)

PART I

ACCOUNTING FOR AND RELEASE OF GOODS UNDER SECTION 32, 33 OR 35 OF THE ACT

General Manner of Accounting

3. Except as otherwise provided for in the Act or these Regulations, every person required by subsection 32(1), (3) or (5) of the Act to account for goods, or by subsection 32(2) of the Act to make an interim accounting in respect of goods, shall do so

- (a) in writing, in the prescribed form containing the prescribed information, at the customs office from which the goods were released or are to be released; or
- (b) by electronic means in accordance with a participants' requirements document.

4. Every person who accounts for goods under subsection 32(1), (3) or (5) of the Act or who makes an interim accounting in respect of goods under subsection 32(2) of the Act shall provide, at the time of accounting and before the goods are released, if the goods have not been released before that time, every certificate, licence, permit or other document and any information that is required to be provided under the Act or these Regulations or under any other Act of Parliament or regulations made pursuant thereto that prohibits, controls or regulates the importation of goods.

*General Requirements Respecting the Accounting
for and Payment of Duties on Casual Goods*

5. Every person who accounts for casual goods under subsection 32(1), (3) or (5) of the Act shall provide, at the time of accounting and before the goods are released, if the goods have not been released before that time, a commercial invoice, current price list, bill of sale or other similar document that describes the goods and contains information sufficient to enable an officer to determine the tariff classification and appraise the value for duty of the goods.

5.1(1) Subject to subsection (2) and sections 7 and 8, casual goods may be released prior to the payment of duties thereon, if the importer or owner of the goods provides, as conditional payment of an amount equal to the amount of these duties

- (a) a remittance by credit card in respect of which the importer or owner of the goods is the cardholder or authorized user, where the issuer of the credit card has entered into an agreement with the Government of Canada establishing the conditions of its acceptance and use; or
- (b) a traveller's cheque, a money order or a certified cheque.

(2) Where casual goods are released prior to the unconditional payment of duties thereon, the person who accounted for the goods shall pay the duties thereon within five days after their release.

*General Requirements Respecting
the Accounting for Commercial Goods*

6. Every person who accounts for commercial goods under subsection 32(1), (3) or (5) of the Act shall provide, at the time of accounting and before the goods are released, if the goods have not been released before that time,

- (a) in the case of goods that have an estimated value for duty of \$1,600 or more,
 - (i) a completed customs invoice,
 - (ii) the commercial invoice, where the invoice contains the same information as would a completed customs invoice, or
 - (iii) the commercial invoice and a partially completed customs invoice, where together they contain the same information as would a completed customs invoice; and
- (b) in the case of goods that have an estimated value for duty of less than \$1,600, a commercial invoice, current price list, bill of sale or other similar document that describes the goods, denotes the number of units being imported and contains information sufficient to enable an officer to determine the tariff classification and appraise the value for duty of the goods.

Release Without Accounting

7. (1) Subject to subsection (3), the following goods may be released without any requirement of accounting under section 32 of the Act if the goods are not charged with duties and may be reported orally under the *Reporting of Imported Goods Regulations*:

- (a) goods, other than vessels, classified under tariff item No. 9801.10.00, 9801.20.00 or 9803.00.00 in the List of Tariff Provisions;
- (b) commercial conveyances manufactured in Canada that are classified under tariff item No. 9813.00.00 in the List of Tariff Provisions;
- (c) commercial conveyances previously accounted for in Canada under the *Customs Act* that are classified under tariff item No. 9814.00.00 in the List of Tariff Provisions;
- (d) goods classified under tariff item No. 9816.00.00 in the List of Tariff Provisions, if the goods are not imported as mail; and
- (e) goods eligible for temporary importation classified under tariff item No. 9993.00.00 in the List of Tariff Provisions.

(2) Subject to subsection (3), the following goods may be released without any requirement of accounting under section 32 of the Act if the goods are not charged with duties:

- (a) vessels classified under tariff item No. 9801.30.00 or 9803.00.00 in the List of Tariff Provisions; and
- (b) goods classified under tariff item No. 9813.00.00 or 9814.00.00 in the List of Tariff Provisions that form part of the baggage of a person arriving in Canada, whether or not the person and the baggage are carried on board the same conveyance.

(2.1) Subject to subsection (3), the following goods may be released without any requirement of accounting under section 32 of the Act:

- (a) goods to which the *Postal Imports Remission Order* or the *Courier Imports Remission Order* applies;
- (b) goods imported as mail and classified under tariff item No. 9816.00.00 in the List of Tariff Provisions;
- (c) goods classified under tariff item No. 9804.10.00, 9804.20.00 or 9804.40.00 in the List of Tariff Provisions, if the goods are reported orally under the *Reporting of Imported Goods Regulations*; and
- (d) goods that have an estimated value for duty of less than \$1,600 where
 - (i) the goods are not charged with duties other than the tax imposed under Part IX of the *Excise Tax Act*,
 - (ii) the goods are goods to which section 7.1 of Schedule VII to the *Excise Tax Act* applies, and
 - (iii) the supplier of the goods is registered in accordance with Subdivision d of Division V of Part IX of the *Excise Tax Act*.

(3) Goods may be released in accordance with subsection (1), (2) or (2.1) on condition that the importer or owner of the goods provides, prior to the release of the goods, every certificate, licence, permit or other document and any information that is required to be provided under any Act of Parliament that prohibits, controls or regulates the importation of goods or a regulation made pursuant to such an Act.

(4) Goods which have been released in accordance with sections 7.1 to 7.3 and which have not been delivered to the importer or owner thereof shall be considered to have been released without any requirement of accounting under section 32 of the Act, on condition that the courier has presented evidence that the goods are no longer in Canada or were destroyed.

*Release of Goods Imported by Courier
Prior to Accounting and Prior
to Payment of Duties*

7.1 Notwithstanding sections 5 and 5.1 and subject to sections 7, 7.2 and 7.3, goods imported by courier may be released under subsection 32(4) of the Act prior to the accounting required under subsection 32(1) of the Act and prior to the payment of the duties required under subsection 32(5) of the Act on condition that

(a) the goods

(i) have an estimated value for duty of less than \$1,600,

(ii) are not prohibited, controlled or regulated by an Act of Parliament that prohibits, controls or regulates the importation of goods or a regulation made pursuant to such an Act, and

(iii) are released at a customs office specified by the Deputy Minister; and

(b) the courier is a bonded carrier.

7.2 Commercial goods imported by courier may be released pursuant to subsection 32(4) of the Act prior to the accounting required under subsection 32(1) of the Act and prior to the payment of duties required under paragraph 32(5)(b) of the Act on the condition that

(a) the courier has a written undertaking from the importer or the importer's agent stating that the commercial goods will be accounted for and that the duties thereon will be paid within the prescribed time;

(b) the importer or owner of the commercial goods has given security in accordance with section 11;

(c) the courier has, within the 30 days preceding the release of the commercial goods and within the two business days after the date of the report made pursuant to paragraph 12(3)(b) of the Act, provided the importer or the importer's agent with a copy of that report and any documentation accompanying the shipment of the commercial goods; and

(d) upon request of the Minister, Deputy Minister or a Director General of the Department of National Revenue, the courier presents evidence indicating that the courier meets the conditions set out in paragraph 7.1(b) and paragraphs (a) and (c).

7.3 Casual goods imported by courier may be released pursuant to subsection 32(4) of the Act prior to the accounting required under subsection 32(1) of the Act and prior to the payment of duties required under paragraph 32(5)(a) of the Act on condition that

(a) the courier reporting the casual goods is an authorized person within the meaning of section 2 of the *Persons Authorized to Account for Casual Goods Regulations*; and

(b) the courier has given security in accordance with section 11.

7.4 Subject to subsection 7(4), where goods have been released in accordance with sections 7.1 to 7.3, the person required by subsection 32(5) of the Act to account for the goods shall do so no later than the 24th day of the month following the month in which the goods are released.

7.5 Where goods have been accounted for in accordance with section 7.4, the person required by subsection 32(5) of the Act to pay the duties thereon shall do so no later than the last business day of the month following the month in which the goods are released.

*Release of Goods
Imported as Mail*

8. Goods imported as mail may be released under subsection 32(4) of the Act prior to the accounting required under subsection 32(5) of the Act and prior to the payment of duties thereon and without the giving of security pursuant to section 35 of the Act, except where the goods

- (a) are commercial goods that have an estimated value for duty of \$1,600 or more; or
- (b) are prohibited, controlled or regulated by an Act of Parliament that prohibits, controls or regulates the importation of goods or a regulation made pursuant to such an Act.

8.1 Repealed

8.2 Subsections 147.1(3) to (13) of the Act do not apply to mail where the goods imported as mail are

- (a) goods not charged with duties;
- (b) goods in respect of which all the duties are remitted;
- (c) goods classified under tariff item No. 9816.00.00 in the List of Tariff Provisions; or
- (d) commercial goods that have an estimated value for duty of \$1,600 or more.

8.3 The Canada Post Corporation shall pay, by cash or certified cheque, the duties required under subsection 147.1(6) of the Act, to be paid in respect of goods imported as mail not later than the last business day of the month following the month in which the release period ended.

*Release of and Interim Accounting
for Commercial Goods*

9. Subject to sections 7, 12, and 14, commercial goods may be released under subsection 32(2) of the Act prior to the accounting required under subsection 32(1) of the Act and may, pursuant to section 33 of the Act, be so released prior to the payment of the duties thereon on condition that

- (a) the importer or owner of the commercial goods gives or has given security in accordance with section 11; and
- (b) the importer or owner of the commercial goods makes the interim accounting referred to in subsection 32(2) of the Act.

10.(1) Where commercial goods are released under subsection 32(2) of the Act in accordance with section 9, the person required by the Act to account for the goods shall do so in the manner described in paragraph 32(1)(a) of the Act

- (a) within three business days after the termination of the release period, in the case of intoxicating liquors that are imported by a department, board, commission or agency of the government of a province;
 - (a.1) no later than the last business day of the month in which the release period ends, in the case of vehicles, automotive production goods and automotive service goods that are imported by a person named in the schedule; and
- (b) in the case of goods other than goods referred to in paragraphs (a) and (a.1),
 - (i) where the goods have an estimated value for duty of \$1,600 or more, within five business days after their release, and
 - (ii) where the goods have an estimated value for duty of less than \$1,600, no later than the twenty-fourth day of the month following the month of their release.

(2) Any goods imported by a person referred to in paragraph (1)(a) shall be accounted for at a customs office specified by the Deputy Minister.

10.1 Where commercial goods are released under section 33 of the Act in accordance with section 9, the person required to pay duties thereon shall do so no later than the last business day of the month in which

- (a) the release period ends, in the case of vehicles, automotive production goods and automotive service goods that are imported by a person named in the schedule; or
- (b) the billing period ends, in the case of any other goods.

Security for Release of Goods

11. (1) The security required under paragraphs 7.2(b), 7.3(b) and 9(a) shall be in the form of

- (a) cash;
- (b) a certified cheque;
- (c) a transferable bond issued by the Government of Canada;
- (d) a bond issued by
 - (i) a company that is registered and holds a certificate of registry to carry on the fidelity or surety class of insurance business and that is approved by the President of the Treasury Board as a company whose bonds may be accepted by the Government of Canada,
 - (ii) a member of the Canadian Payments Association referred to in section 4 of the *Canadian Payments Association Act*,
 - (iii) a corporation that accepts deposits insured by the Canada Deposit Insurance Corporation or the *Régie de l'assurance-dépôts du Québec* to the maximum permitted by the statutes under which those institutions were established,
 - (iv) a credit union as defined in paragraph 137(6)(b) of the *Income Tax Act*, or
 - (v) a corporation that accepts deposits from the public, if repayment of the deposits is guaranteed by Her Majesty in right of a province; or
- (e) where the goods are commercial goods on which the duties payable are less than \$500, a remittance by credit card in respect of which the importer or owner of the goods is the cardholder or authorized user, where the issuer of the credit card has entered into an agreement with the Government of Canada establishing the conditions of the acceptance and use of that credit card.

(2) Subject to subsection (3), the security required under paragraphs 7.2(b) and 9(a) shall be

- (a) in an amount determined by the Minister; and
- (b) deposited with an officer at the customs office where the goods are to be released.

(3) Where a person intends to request the release of goods on a continuing basis, a general security of an amount that is determined by the Minister shall be deposited with

- (a) the chief officer of customs, where the person intends to request the release of goods from one customs office only;
- (b) each chief officer of customs, where the person intends to request the release of goods from more than one customs office; or
- (c) the Deputy Minister, where the person intends to request the release of goods from more than one customs office and does not deposit a general security with each applicable chief officer of customs.

(4) The security required under paragraph 7.3(b) shall be

- (a) in an amount determined by the Minister; and
- (b) deposited with the Deputy Minister.

*Release of and Interim Accounting for
Commercial Goods Where
Information is Deficient*

12. (1) Subject to subsection (2), where the importer or owner of commercial goods cannot account for the goods in the manner described in paragraph 32(1)(a) of the Act for the reason only that the prescribed information is not available to that importer or owner, the goods may be released under subsection 32(2) of the Act prior to the accounting required under subsection 32(1) of the Act and may, pursuant to section 33 of the Act, be so released prior to the payment of the duties thereon on condition that the importer or owner of the goods

(a) makes the interim accounting required under subsection 32(2) of the Act and provides, at the time of the interim accounting, information and evidence sufficient to enable an officer to determine provisionally the tariff classification and estimate the value for duty of the goods; and

(b) deposits with an officer, at the customs office where the release is requested, an amount determined by the Minister

(i) an amount estimated by the officer to be the amount of duties payable, and

(ii) 10 per cent of the value for duty of the goods as estimated by the officer, but not less than \$100 and not exceeding \$1,000.

(2) The conditions set out in paragraphs (1)(a) and (b) do not apply where

(a) in the case of used goods or goods unconditionally free of duties, a determination of the origin, tariff classification and value for duty of the goods is made by an officer pursuant to subsection 58(1) of the Act; or

(b) an interim accounting in respect of the goods is made pursuant to section 14.

13. Where commercial goods are released under subsection 32(2) of the Act in accordance with section 12, the person who made the interim accounting shall account for the goods in the manner described in paragraph 32(1)(a) of the Act and pay any duties thereon within 90 days after the day on which the interim accounting was made.

*Interim Accounting and Release of Plans, Drawings,
Blueprints, Machinery and Equipment for
Installation, and Military Equipment*

14.(1) Subject to subsection (2), the following goods may be released under subsection 32(2) of the Act prior to the accounting required under subsection 32(1) of the Act and may, pursuant to section 33 of the Act, be so released prior to the payment of duties thereon:

(a) plans, drawings and blueprints imported for use in a construction project in Canada;

(b) machinery and equipment imported for use in a thing being installed in Canada, where the value for duty thereof cannot readily be appraised;

(c) military equipment imported by the Department of National Defence; and

(d) material, components and parts imported by the Department of National Defence for use in the repair, maintenance, modification and testing of the equipment referred to in paragraph (c).

(2) No goods referred to in subsection (1) may be released under subsection 32(2) of the Act in accordance with subsection (1) unless the importer or owner of the goods

(a) makes the interim accounting required under subsection 32(2) of the Act and provides, at the time of the interim accounting, information and evidence sufficient to enable an officer to determine the tariff classification and the origin, the value for duty of the goods;

(b) deposits with an officer, at a customs office specified by the Deputy Minister, security in the form of cash or a certified cheque in an amount determined by the Minister; and

(c) undertakes to notify an officer at a customs office specified by the Deputy Minister, forthwith in writing, of

(i) the termination date of the construction project, in the case of goods referred to in paragraph (1)(a),

(ii) the termination date of the installation of the thing, in the case of goods referred to in paragraph (1)(b), or

(iii) the date the last shipment is received, in the case of goods referred to in paragraph (1)(c) or (d) that are part of a series of shipments.

15. Where goods referred to in subsection 14(1) are released under subsection 32(2) of the Act in accordance with subsection 14(1), the person who made the interim accounting shall account for the goods in the manner described in paragraph 32(1)(a) of the Act within 12 months after the applicable date as referred to in subparagraph 14(2)(c)(i), (ii) or (iii), and pay any duties thereon at the time of the accounting.

16. Repealed

PART II

ACCOUNTING FOR DIVERTED GOODS OR FOR GOODS FOR WHICH A CONDITIONAL REMISSION OF DUTIES IS GRANTED AND THE CONDITION IS NOT COMPLIED WITH

17. Every person required by subsection 32.2(6) of the Act to correct a declaration of tariff classification that is rendered incorrect by a failure to comply with a condition under a tariff item in the list of tariff provisions shall do so in writing, in the prescribed form containing the prescribed information, at the customs office specified by the Deputy Minister and shall provide, at the time of accounting, information sufficient to enable an officer to determine the tariff classification and appraise the value for duty of the goods.

SCHEDULE

(Section 2 and paragraphs 10(1)(a.1) and 10.1(a))

1. Chrysler Canada Ltd.
2. Ford Motor Company of Canada Limited
3. General Motors of Canada Limited

REFERENCES

ISSUING OFFICE –

Customs and Trade Administration Branch
Import Process Division

LEGISLATIVE REFERENCES –

Customs Act, sections 32, 33, 35, 92, 166, and paragraphs 164(1)(d) and (i)

HEADQUARTERS FILE –

7605-0, 7605-1, 7605-2, 7605-3, 7605-5, 7605-11, 7610-1

SUPERSEDED MEMORANDA “D” –

D17-1-0, June 27, 1997

OTHER REFERENCES –

D17-1-5, D17-4-0