



Ottawa, October 1, 2002

# MEMORANDUM D17-1-19

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## **In Brief**

### **UPDATED MEMORANDUM D17-1-19 AND TABLE OF INTEREST RATES**

You will find attached the updated Memorandum D17-1-19. This Memorandum also includes the revised Table of Interest Rates and Monthly Interest Rate Factors for the fourth quarter of 2002.



Ottawa, October 1, 2002

# MEMORANDUM D17-1-19

## ***INTEREST RATE FOR CUSTOMS PURPOSES REGULATIONS***

This Memorandum explains the method used to determine a rate of interest for customs purposes.

### **Regulations**

#### **REGULATIONS PRESCRIBING RULES FOR DETERMINING A RATE OF INTEREST FOR CUSTOMS PURPOSES**

##### *Short Title*

1. These Regulations may be cited as the *Interest Rate for Customs Purposes Regulations*.

##### *Interpretation*

2. In these Regulations, "quarter" means a three-month period ending on March 31, June 30, September 30 or December 31. (*trimestre*)

##### *Determination of Rate of Interest*

3. For the purposes of any provision of the *Customs Act* and the *Customs Tariff* requiring interest to be paid in respect of each month or fraction of a month in a period, and for the purposes of any provision of the *Special Import Measures Act* requiring interest to be paid, the prescribed rate of interest in effect during any quarter is the rate (expressed as a percentage per month and rounded to the nearest one tenth of a percentage or, if the percentage is equidistant from two consecutive multiples of one tenth of a percentage, to the higher thereof) determined by the formula

$$A/12$$

where A is the simple arithmetic mean of all amounts each of which is the weekly average equivalent yield (expressed as a percentage per year) of Government of Canada Treasury Bills that mature approximately three months after their date of issue and that were sold at a weekly auction of Government of Canada Treasury Bills during the first month of the immediately preceding quarter.

4. For the purposes of any provision of the *Customs Act* and the *Customs Tariff* requiring interest to be paid, other than a provision for which section 3 applies, the prescribed rate of interest in effect during any quarter is the simple arithmetic mean (expressed as a percentage per year and rounded to the nearest one tenth of a percentage or, if the percentage is equidistant from two consecutive multiples of one tenth of a percentage, to the higher thereof) of all amounts each of which is the weekly average equivalent yield (expressed as a percentage per year) of Government of Canada Treasury Bills that mature approximately three months after their date of issue and that were sold at a weekly auction of Government of Canada Treasury Bills during the first month of the immediately preceding quarter.

5. Sections 3 and 4, in their application for the purposes of any provision of the *Customs Act* requiring interest to be paid, come into force on May 30, 1992.

## **GUIDELINES AND GENERAL INFORMATION**

1. The rate of interest will be published in a Finance and Administration Branch Bulletin and in the Appendix to this Memorandum one month prior to the beginning of each quarter.
2. The amount of interest either paid or collected by the Canada Customs and Revenue Agency is to be shown on all adjustment documentation.

## APPENDIX

TABLE OF INTEREST RATES AND MONTHLY INTEREST RATE FACTORS

| CALENDAR YEAR | QUARTER                    | NO. OF MONTHS INTEREST PAYABLE | INTEREST RATE FACTOR | MONTHLY INTEREST RATE | ANNUAL INTEREST RATE | 1986 CUSTOMS ACT THRESHOLD AMOUNT \$ | BILL C74 THRESHOLD AMOUNT \$ |
|---------------|----------------------------|--------------------------------|----------------------|-----------------------|----------------------|--------------------------------------|------------------------------|
| 2000          | 4th<br>(Oct. 1 – Dec.31)   | 1                              | 0.005                | 0.5%                  | 5.5880               | 1,998.88                             | 999.44                       |
|               |                            | 2                              | 0.010                |                       |                      | 999.44                               | 499.72                       |
|               |                            | 3                              | 0.015                |                       |                      | 666.29                               | 333.1467                     |
| 2001          | 1st<br>(Jan. 1 – Mar. 31)  | 1                              | 0.005                | 0.5%                  | 5.6196               | 1,998.88                             | 999.44                       |
|               |                            | 2                              | 0.010                |                       |                      | 999.44                               | 499.72                       |
|               |                            | 3                              | 0.015                |                       |                      | 666.29                               | 333.14                       |
| 2001          | 2nd<br>(Apr. 1 – June 30)  | 1                              | 0.004                | 0.4%                  | 5.2740               | 2,498.60                             | 1,249.30                     |
|               |                            | 2                              | 0.008                |                       |                      | 1,249.30                             | 624.65                       |
|               |                            | 3                              | 0.012                |                       |                      | 832.87                               | 416.43                       |
| 2001          | 3rd<br>(July 1 – Sept. 30) | 1                              | 0.004                | 0.4%                  | 4.4517               | 2,498.60                             | 1,249.30                     |
|               |                            | 2                              | 0.008                |                       |                      | 1,249.30                             | 624.65                       |
|               |                            | 3                              | 0.012                |                       |                      | 832.87                               | 416.43                       |
| 2001          | 4th<br>(Oct. 1 – Dec.31)   | 1                              | 0.004                | 0.4%                  | 4.2640               | 2,498.60                             | 1,249.30                     |
|               |                            | 2                              | 0.008                |                       |                      | 1,249.30                             | 624.65                       |
|               |                            | 3                              | 0.012                |                       |                      | 832.87                               | 416.43                       |
| 2002          | 1st<br>(Jan. 1 – Mar. 31)  | 1                              | 0.002                | 0.2%                  | 2.7478               | 4,997.20                             | 2,498.60                     |
|               |                            | 2                              | 0.004                |                       |                      | 2,498.60                             | 1,249.30                     |
|               |                            | 3                              | 0.006                |                       |                      | 1,665.73                             | 832.86                       |
| 2002          | 2nd<br>(Apr. 1 – June 30)  | 1                              | 0.002                | 0.2%                  | 1.9261               | 4,997.20                             | 2,498.60                     |
|               |                            | 2                              | 0.004                |                       |                      | 2,498.60                             | 1,249.30                     |
|               |                            | 3                              | 0.006                |                       |                      | 1,665.73                             | 832.86                       |
| 2002          | 3rd<br>(July 1 – Sept. 30) | 1                              | 0.002                | 0.2%                  | 2.3926               | 4,997.20                             | 2,498.60                     |
|               |                            | 2                              | 0.004                |                       |                      | 2,498.60                             | 1,249.30                     |
|               |                            | 3                              | 0.006                |                       |                      | 1,665.73                             | 832.86                       |
| 2002          | 4th<br>(Oct 1 – Dec. 31)   | 1                              | 0.002                | 0.2%                  | 2.8093               | 4,997.20                             | 2,498.60                     |
|               |                            | 2                              | 0.004                |                       |                      | 2,498.60                             | 1,249.30                     |
|               |                            | 3                              | 0.006                |                       |                      | 1,665.73                             | 832.86                       |

## REFERENCES

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|--|---|
| <p><b>ISSUING OFFICE –</b></p> <p>Entry Accounting and Adjustment Policy<br/>         Import Process Division<br/>         Operational Policy and Coordination Directorate</p>   | <p><b>HEADQUARTERS FILE –</b></p> <p>7603-2</p> |
| <p><b>LEGISLATIVE REFERENCES –</b></p> <p><i>Customs Act</i>, sections 66, 80, 87, 93, and 164(2)<br/>         Order in Council P.C. 1986-2712, December 4, 1986<br/>         Order in Council P.C. 1987-2735, December 31, 1987<br/>         Order in Council P.C. 1988-2877, December 30, 1988<br/>         Order in Council P.C. 1992-1863, August 27, 1992</p> | <p><b>OTHER REFERENCES –</b></p> <p>N/A</p>     |
| <p><b>SUPERSEDED MEMORANDA “D” –</b></p> <p>D17-1-19, January 2, 2002</p>  |   |

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

