



Ottawa, May 12, 2003

# CUSTOMS NOTICE N-513

## Proposed CCRFTA Verification of Origin Regulations

1. The CCRFTA Verification of Origin Regulations are proposed to implement Canada's obligation with respect to the verification provisions provided for under Article V.6 of the Canada-Costa Rica Free Trade Agreement (CCRFTA). This notice expands on the information concerning these Regulations previously set out in paragraph 11 of the Appendix to Customs Notice N-481 dated November 1, 2002.
2. The proposed regulations are described in the attached Appendix.
3. As part of our consultation process, the Canada Customs and Revenue Agency (CCRA) has posted this notice on our Web site for review and comment. For more information, visit our Web site at [www.ccra.gc.ca](http://www.ccra.gc.ca).

4. Inquiries and written comments about these proposed regulations should be directed to the following officer:

Penny Rae-Keyes  
Origin and Valuation Division  
Trade Policy and Interpretation Directorate  
Customs Branch  
Canada Customs and Revenue Agency  
9th Floor, Sir Richard Scott Building  
Ottawa ON K1A 0L5

Telephone: (613) 957-4351  
Facsimile: (613) 954-5500  
Email: [Penny.Rae-Keyes@ccra-adrc.gc.ca](mailto:Penny.Rae-Keyes@ccra-adrc.gc.ca)

## APPENDIX

### Proposed CCRFTA Verification of Origin Regulations

It is proposed that these regulations would:

1. define the meaning of the following terms:

“Act” as the *Customs Act*,

“customs administration” as the competent authority that is responsible under the laws of Canada or of Costa Rica, as the case may be, for the administration of customs laws and regulations,

“Generally Accepted Accounting Principles” as the meaning assigned to that expression by subsection 1(4) of the *CCRFTA Rules of Origin Regulations*,

“goods” as goods for which preferential tariff treatment under CCRFTA is claimed,

“material” as a good that is used in the production of another good, and includes a part or ingredient,

“verification letter” as a letter that requests information with respect to the origin of goods that are the subject of a verification of origin,

“verification questionnaire” as a questionnaire that requests information with respect to the origin of goods that are the subject of a verification of origin, and

“verification visit” as the entry into a place or premises for the purposes of conducting a verification of origin of goods under paragraph 42.1(1)(a) of the *Customs Act*;

2. provide that where a claim is made for preferential tariff treatment for goods under the *Costa Rica Tariff (CRT)*, customs officials would be able to conduct a verification of origin by

(a) performing verification visits

(b) reviewing verification questionnaires received from

(i) the exporter or producer of the goods, or

(ii) the producer or supplier of a material used in the production of the goods;

(c) reviewing written responses received from

(i) the exporter or producer of the goods, or

- (ii) the producer or supplier of a material used in the production of the goods; or
- (d) reviewing additional information provided by
  - (i) the exporter or producer of the goods, or
  - (ii) the producer or supplier of a material used in the production of the goods;
- 3. provide that for the purposes of conducting a verification visit relating to goods for which preferential tariff treatment under CCRFTA is claimed, the prescribed premises would be
  - (a) the premises of an exporter or producer of the goods, and
  - (b) the premises of a producer or supplier of a material used in the production of the goods;
- 4. provide that verification visits would only be conducted on condition that
  - (a) a customs officer sends a written notice of intent to conduct a verification visit to
    - (i) the person whose premises are the subject of the verification visit,
    - (ii) the customs administration of Costa Rica, and
    - (iii) the Embassy of Costa Rica in Canada, and
  - (b) the person whose premises are the subject of the verification visit consents to the visit;
- 5. provide that the notice of intent to conduct the verification visit would specify the
  - (a) identity of the customs administration,
  - (b) name of the person whose premises are the subject of the verification visit,
  - (c) date and place of the visit,
  - (d) object and scope of the visit,
  - (e) legal authority for the visit, and
  - (f) name and title of the officer sending the notice of intent;
- 6. provide that the customs administration of Costa Rica would be able to postpone a verification visit for a maximum period of 60 days from the date of the receipt of the notice of intent to conduct a visit; or for a longer period if that period is agreed to by the customs administrations of Canada and Costa Rica;
- 7. provide that the person whose premises are the subject of a verification visit would, on a single occasion, be able to postpone a verification visit for a maximum period of 60 days from the date of the receipt of the notice of intent to conduct a visit, or for a longer period if that period is agreed to by the customs administration of Canada;
- 8. provide that requests for postponements would be made within 15 days of receipt of the notice of intent to visit;
- 9. provide that requests for postponement would be made in writing;
- 10. provide that the person whose premises are the subject of a verification visit would be able to designate that two observers be present during the verification visit;
- 11. provide that the observers would be identified to the person conducting the visit and that such observers would not participate in the visit in any manner other than as observers;
- 12. provide that a verification letter or verification questionnaire would specify the
  - (a) identity of the customs administration of Canada,
  - (b) the name and title of the officer sending the letter or questionnaire,
  - (c) the objective and scope of the letter or questionnaire, and
  - (d) the period within which the letter or questionnaire would be required to be answered or completed and returned to the customs administration of Canada;
- 13. provide that a person to whom a verification letter or questionnaire has been sent would, on a single occasion and within 30 days of receipt of the letter or questionnaire, be able to make a written request to ask for an extension to the period within which the letter or questionnaire would be required to be answered or completed and returned to the customs administration of Canada;
- 14. provide that a request for an extension would not exceed an additional 30 days from the completion period set out in the verification letter or questionnaire
- 15. provide that the CCRFTA preferential tariff treatment would be denied or withdrawn from the goods that are the subject of the verification of origin where the exporter or producer of the goods
  - (a) does not consent to the verification visit within the specified time,

(b) fails to maintain records in accordance with the laws of the country in which the verification is conducted,

(c) denies access to those records to the officer conducting the verification, or

(d) does not answer or complete and return a verification letter or questionnaire within the specified time or within the extended period;

16. provide that where goods are not eligible for the CCRFTA preferential tariff treatment, a customs officer would be required to provide an exporter or producer with a written statement pursuant to subsection 42.2(1) of the *Customs Act*;

17. provide that a written notice of intent to re-determine the origin of the goods under subsection 59(1) of the *Customs Act* would be provided to the exporter or producer. The notice would include the date after which the CCRFTA preferential tariff treatment would be denied

or withdrawn and the period during which the exporter or producer would be able to provide comments or additional information regarding the origin of the goods;

18. provide that the re-determination of origin would not be made until 10 days after the notice of intent to re-determine was received;

19. provide that during a verification of origin, where an officer determines that a producer of goods has failed to record costs in accordance with Generally Accepted Accounting Principles applied in the territory of Costa Rica, the officer would be required to send a written notice to the producer of the goods advising the producer that they would be required to record such costs in accordance with those principles within 60 days of receiving the written notice;

20. provide that verification letters and questionnaires, written notices and requests would be able to be sent by any method that would produce confirmation of receipt of the verification letter or questionnaire, or the notice or request, as the case may be.

Think Recycling!



Printed in Canada