

MEMORANDUM D7-4-4

In Brief

Ottawa, March 19, 2002

SUBJECT

CUSTOMS BONDED WAREHOUSES

Memorandum D7-4-4, dated July 13, 2001, has been amended to reflect changes to the list of customs offices in Appendix D. We have also amended the Table of Contents on page 2.

Ottawa, July 13, 2001

SUBJECT

CUSTOMS BONDED WAREHOUSES

The Canada Customs and Revenue Agency (CCRA) customs bonded warehouses are facilities licensed and regulated by the CCRA, and operated by the private sector where goods can be stored duty and tax free (generally for up to four years) until they are exported or are consumed domestically.

This Memorandum outlines and explains the procedures to be followed by an individual or company when making application for a customs bonded warehouse licence, and the conditions under which such a warehouse must operate.

The Memorandum is available on our Web site at www.ccra.gc.ca.

TABLE OF CONTENTS

	Page
Guidelines and General Information	2
Allowable Activities	3
Display Goods	4
Permits	5
Application	6
Security	6
Licence	7
Amendment/Cancellation of Licences	8
Time Limit for Storage	9
Restrictions on Goods	9
Firearms	10
Fresh Fruits and Vegetables	11
Records	12
Penalties	13
Unlawful Removal	14
Deemed Exportation	15
NAFTA	15
Transfer	17
Shortages in Shipments	17
Damaged, Destroyed, or Deteriorated Goods	18
Disposal of Goods	18

Appendix A – Form E401, *Application for a Licence to Operate a Customs Bonded Warehouse*

Appendix B – *Customs Bonded Warehouses Regulations*

Appendix C – Policy for the Control of Fresh Produce Moving Into Customs Bonded Warehouses

Appendix D – District Customs Offices

GUIDELINES AND GENERAL INFORMATION

1. Customs Bonded Warehouses are facilities licensed and regulated by the CCRA, and operated by the private sector. Goods in a customs bonded warehouse are considered to be imported into Canada but have not been released from customs. Imported and domestic goods destined for export may be placed in a customs bonded warehouse.
2. These facilities provide, with a few exceptions, for the complete deferral of customs duties, anti-dumping and countervailing duties, excise duties and taxes including the GST on imported goods. This deferral continues up to the point the goods are released for Canadian domestic consumption or are exported. GST paid on domestic goods cannot be refunded by placing the goods in a customs bonded warehouse.
3. Customs bonded warehouses may consist of:
 - (a) private warehouses operated by individuals or companies for the storage of their own in bond goods; or
 - (b) public warehouses operated by entrepreneurs for the storage of goods imported by various importers.
4. This program will be of benefit to persons who:
 - (a) import goods into Canada and wish to defer, with some exceptions for up to four years, the payment of duties until the goods are released for Canadian consumption;
 - (b) consolidate imported and domestic goods for export;
 - (c) perform the operations listed in paragraph 5 and 6; and
 - (d) import goods temporarily for display at conventions, exhibitions or trade shows.

Allowable Activities

5. The *Customs Bonded Warehouse Regulations* allow certain activities to be carried on in a customs bonded warehouse that do not change the condition of the goods. The goods in a bonded warehouse shall not be further manufactured. Goods may be manipulated, altered, or combined with other goods only for the purpose or in the course of:
 - (a) disassembling or reassembling goods that have been assembled or disassembled for packing, handling, or transportation;
 - (b) displaying;
 - (c) inspecting;
 - (d) marking, labeling, tagging, or ticketing;
 - (e) packing, unpacking, packaging or repackaging;
 - (f) removing from the warehouse, for the sole purpose of soliciting orders for goods or services, a small quantity of material, or a portion, a piece or an individual object, that represents the goods;

(g) storing; or

(h) testing.

6. In addition, the following activities that do not materially alter the characteristics of the goods may be carried on in a bonded warehouse. These are:

(a) cleaning,

(b) complying with any applicable law of Canada or of a province,

(c) diluting,

(d) normal maintenance and servicing,

(e) preserving,

(f) separating defective goods from prime quality goods,

(g) sorting or grading, and

(h) trimming, filing, slitting, cutting.

Display Goods

7. The program provides for a temporary bonded warehouse licence for imported goods to be displayed at conventions and exhibitions as well as for marking purposes. These goods must have been properly declared and documented to enter the facility. Such goods include products on display as well as those that form part of the display such as stands, tables, backdrops, decorations, display booths, tents, and other housings or coverings. Prohibited or restricted goods are not allowed.

8. The schedule of the regulations contains provisions for marking purposes or display of goods at conventions, exhibitions, or trade shows of 90 days. An application may be made under the authority of the *Customs Tariff* for extensions of the time limit. The goods must then be either exported from or entered (accounted for under section 32 of the *Customs Act*) in Canada. Information on temporary imports may be found in Memorandum D8-1-2, *Convention Services Program*.

9. This provision is available for the one-time convention operator, an event planner or organizer, a convention facility hotel operator or owner, and for the importer who has imported goods that are not marked in accordance with the *Marking of Imported Goods Regulations*.

10. Additional information may be obtained in the publication called *Welcome to Canada – Your Guide to Bringing a Convention, Meeting, Trade Show, or Exhibition Across the Canadian Border*.

Permits

11. All permits, certificates, authorizations, or waivers must be presented when entering the goods into the customs bonded warehouse. It is the responsibility of the warehouse operator to inform the CCRA immediately of the revocation of such authorizations.

12. Restricted (restrained) goods without permits may not be entered into a customs bonded warehouse unless the responsible authority has issued a waiver. Since goods in a customs bonded warehouse are often subsequently exported, restricted or restrained goods must be entered into the customs bonded warehouse at the over access classification, rate of duty and/or surtax. If these goods are released into Canada (consumption entry type 20), a valid import permit must be submitted at time of accounting under section 32 of the *Customs Act*.

Application

13. Any person who wishes to operate a customs bonded warehouse must present a fully completed Form E401, *Application for a Licence to Operate a Customs Bonded Warehouse* (see Appendix A), to the customs office closest to the warehouse location. Applications and further information are available at all customs offices.

14. A detailed site plan of the location of the proposed customs bonded warehouse should accompany the application. Flexibility has been provided in the identification of the bonded area to provide for the storage of domestic and in-bond goods. The goods must be readily identifiable through your record-keeping system and be situated in the area designated on your site plan.

15. Applications for warehouses for the storage of alcoholic beverages must obtain approval from the provincial liquor authority of the province concerned, and a copy of that approval must accompany the application.

16. Applications for customs bonded warehouses where firearms and other weapons are intended for storage must obtain a “business firearms licence” to store firearms and other weapons from the chief firearms officer of the province or territory where the business is carried on, and a copy of the licence must accompany the application. Each import and export of a firearm must have authorization from the registrar of firearms in the province or territory where the import or export occurs.

Security

17. Security to be posted with the CCRA for purposes of subsection 91(4) of the *Customs Tariff* shall be deposited with the chief officer of customs.

18. The amount of security will be the maximum amount of duties and taxes that would otherwise be payable at any time in the year following the issuance of the licence for the customs bonded warehouse. Security will be reviewed not less than annually and may be decreased or increased according to the largest amount of duties and taxes that would otherwise be payable at any time during the past fiscal year.

19. One bond may be filed for all warehouses operated by an individual or company within the same customs office area, provided the amount of the bond is the total of those amounts required under subsection 4 of the Regulations for each warehouse. The address of each warehouse and the proportion of the total bond value allocated to that warehouse shall be indicated on an attached bond rider. The original bonds will be retained on file at the local customs office. Any updates and/or changes should be referred to the regional office where the customs bonded warehouse is located. All securities are to be handled in accordance with Memorandum D1-7-1, *Posting Security for Transacting Bonded Operations*.

Licence

20. A licensing fee is payable annually which covers costs associated with licensing the warehouse, including audit and verifications (subsection 5 of the Regulations). The licence fee is to be paid by the warehouse operator (licensee) prior to the warehousing of any goods. No special service charges will be assessed for service provided during regular business hours. Customs offices and their hours of operation are outlined in Memorandum D1-1-1, *List of Customs Offices*.

21. The licence fee will not be refunded if a warehouse operator ceases operations prior to the end of the fiscal year. The transfer of a warehouse operation to another location requires that a new application and new security be submitted and approved by customs.

22. When the applicant has met the requirements of the program, a customs bonded warehouse licence with a unique licence number will be issued. The licence number will consist of the customs office code, the letter “W” and a three digit number assigned by the customs office. When the licence includes authority to store in bond domestic alcohol or tobacco (field 20, form E401), an “E” suffix will be added to the licence number. The licence number is required when completing field No. 44 of Form B3, *Canada Customs Coding Form*, warehouse type.

Amendment/Cancellation of Licences

23. For licence cancellation purposes the nearest CCRA customs office must be advised in writing at least 60 days prior to the effective date of cancellation. Customs will acknowledge receipt of the cancellation notice. Transfer or ownership of the goods stored in the bonded warehouse must be reported to customs using Form B3 type 30. Change of ownership of the bonded facilities or a change of activities or type of goods may be reported to customs by letter.
24. The Minister may, subject to regulations, amend, suspend, renew, cancel, or reinstate a customs bonded warehouse licence.
25. When a licence is to be cancelled by the Minister, the licensee will be advised by registered mail of the effective date and the reasons for the cancellation. The licensee has 90 days after the date of cancellation to make representation as to why the licence should not be cancelled.
26. When the Minister is satisfied that the cause for cancellation no longer exists, the notice of cancellation may be withdrawn.
27. When a licence is to be suspended by the Minister, the licensee will be advised of the immediate suspension and the reasons for the suspension by registered mail. The licensee has 90 days after the date of suspension to make representation as to why the licence should not be suspended.
28. When corrective action by the operator is required, the suspension may be withdrawn when customs is satisfied that the cause of the suspension no longer exists.
29. Licensees will be advised by registered mail when a suspended licence has been reinstated.

Time Limit for Storage

30. Generally, goods may be stored in the customs bonded warehouse for a period of four years from the date they were entered into the warehouse. However, these time limits vary depending on the type of merchandise, for example, goods such as intoxicating liquor and tobacco products, have a five-year time limit.
31. Where extenuating circumstances preclude the removal of goods within the specified time limits outlined in the attached Regulations (see Appendix A), the CCRA may grant an extension under authority of subsection 37(2) of the *Customs Act*, provided a written request is received from the importer, owner or their agent prior to the expiration of the specified time limit.

Restrictions on Goods

32. No licensee shall receive in, or transfer from a customs bonded warehouse in a province intoxicating liquor unless the licensee has obtained written approval to receive or transfer the intoxicating liquor from the board, commission, or agency authorized by the laws of that province to sell or authorize the sale of intoxicating liquor in that province.
33. Provincial liquor authorities operating warehouses may:
- (a) establish warehouses at various locations within a province and designate one such location as the control point for all warehouse transactions within that province;
 - (b) present a weekly accounting package which will contain a record of all warehouse and ex-warehouse transactions conducted during the weekly reporting period, as specified in the Customs Commercial System procedures; and
 - (c) use the average value concept on all importation's of bottled stock provided that such stock has been previously imported or the brand number has been previously registered with customs.

34. Tobacco products may only be received or removed from a customs bonded warehouse for the following reasons:

(a) when they are for

- (1) sale to a foreign diplomat in Canada,
- (2) export from Canada,
- (3) sale to a duty free shop, or
- (4) use as ships' stores;

(b) when they are manufactured tobacco, other than cigarettes, tobacco sticks or snuff, and the licensee is a licensed tobacco or cigar manufacturer under the *Excise Act*.

35. Domestic tobacco products may only be placed into, or removed from a customs bonded warehouse on condition that they are to be removed for use as ships' stores. Subsection 92(3) of the *Customs Tariff* states that the excise tax imposed under Part III of the *Excise Tax Act* is not relieved by placing manufactured tobacco that is manufactured or produced in Canada in a customs bonded warehouse.

36. Tobacco products are a prescribed class of goods that are forfeit if they have not been removed from the customs bonded warehouse within five years after the day on which the goods are described in the form prescribed under subsection 19(2) of the *Customs Act*.

Firearms

37. Under the *Firearms Act*, a customs bonded warehouse operator will be required to possess a business firearms licence to store firearms and other weapons. The business licence will be issued by the Chief Firearms Officer of the province or territory where the business is carried on. Every employee of the business who, in the course of their duties of employment handles or would handle firearms, restricted weapons, other similar devices, or controlled ammunition will also need to be licensed under subsection 9(3) of the *Firearms Act*.

38. Firearms and other weapons must be stored in accordance with the *Storage, Display and Transportation of Firearms and Other Weapons by Businesses Regulations*. The requirements are in addition to current customs requirements.

39. If the Chief Firearms Officer revokes the business firearms licence of a warehouse operator, it is the responsibility of the warehouse operator to inform the CCRA immediately of the revocation of his licence. Memorandum D19-13-2, *Customs Tariff – Criminal Code – Importation of Offensive Weapons*, contains further information concerning firearms and other weapons.

Fresh Fruits and Vegetables

40. Canadian produce packers are offered a flexible mechanism to meet their peak export market demands, especially during periods when there are domestic produce shortages. Information on agricultural quotas may be found in Memorandum D10-18-5, *Customs Bonded Warehouses TRQ – Agricultural Goods*.

41. In conjunction with the Canada Food Inspection Agency (CFIA), provisions have been made for the importation of regulated foreign produce by Canadian packers without having to:

- (a) pay Canadian import duties and taxes; and
- (b) comply with the requirements of the *Fresh Fruit and Vegetable Regulations* pursuant to the *Canada Agricultural Products Act*.

42. These imported goods will enter Canada in bond:

- (a) and may be placed in an approved customs bonded warehouse for storage; and

(b) under special provisions, may be packed in a customs bonded warehouse under the control of customs.

Note: The policy in Appendix C does not alter the present Canadian phytosanitary requirements for imported fresh fruit and vegetables.

Records

43. Record keeping systems must be able to track the movement of all goods under the CCRA's control in the bonded warehouse including:

- (a) the movement into the warehouse;
- (b) the movement while in warehouse;
- (c) transfers to and from other licensed warehouses;
- (d) records of allowable activities including manipulation, unpacking, packing, alteration, or combination with other goods in warehouse;
- (e) all ex-warehouse movements.

44. A customs bonded warehouse operator must acknowledge receipt of goods into the warehouse providing the importer/broker with a signed copy of the accounting document, which will confirm the operator's liability for duties owing on the goods until their eventual release.

45. Only similar goods of equal unit or package value may be shown on any one line of Form B3 for entry into a customs bonded warehouse. Whenever applicable, model and serial numbers must be included with the description of goods.

46. Ex-warehouse accounting documents for goods exempt of duties for sale to accredited diplomats must be accompanied by a written application, signed by a person designated on the list of Diplomatic, Consular and Other Representatives in Canada. The list can be verified by contacting Rita DiFranco, CCRA, at (613) 954-5718. You may also contact the Office of Protocol, DFAIT, at the following telephone numbers, or visit the Web site at [www.dfai-maeci.gc.ca/ protocol/](http://www.dfai-maeci.gc.ca/protocol/):

For persons from countries or organizations starting with the letters

A to G (613) 996-8687
H to PA (613) 995-5957
Others (613) 943-1076

47. Warehoused goods may be temporarily removed from warehouse for exhibition provided that the conditions set forth in Memorandum D8-1-1, *Temporary Importation (Tariff Item No. 9993.00.00) Regulations*, are met. Documentation requirements are outlined in Memorandum D17-1-1, *Documentation Requirements for Commercial Shipments*.

48. Failure to provide books and records on request is a criminal offense under section 160 of the *Customs Act*.

Penalties

49. Failure to comply with the *Customs Bonded Warehouse Regulations* and policies results in the application of a monetary penalty and in the case of continued non-compliance, possible suspension and/or cancellation of your licence. Legislation on penalties and interest may be found under section 109 of the *Customs Act*.

50. Failure to maintain the records required to participate in this program by the *Imported Goods Records Regulations* may also result in sanctions being applied.

51. In addition to the fine for inadequate records, failure to report non-compliance (goods that no longer qualify for the program), within the legislated time limits, will result in application of penalties and interest.

52. Failure to provide books and records when requested is a criminal offense under section 160 of the *Customs Act* and may result in a summary conviction and/or imprisonment.
53. Coding instructions for the completion of all warehouse types of form B3 are contained in Appendix C to Memorandum D17-1-10, *Coding of Customs Accounting Documents*.
54. The CCRA will make every effort to utilize your current record-keeping system to eliminate unnecessary duplication of records.
55. Periodic verifications will be conducted to monitor compliance. This verification will be based on risk analysis and will be conducted a minimum of once per year.

Unlawful Removal

56. Goods unlawfully removed from a warehouse may be seized as forfeit pursuant to section 110 of the *Customs Act*. If the goods are not found, a sum equal to the ascertained duty paid value may be forfeited pursuant to section 124 of the *Customs Act*. Goods remaining in the warehouse may be detained under subsection 146(1) until the sum is paid.
57. The Minister may direct that lesser penalties may be applied under section 124 of the *Customs Act*. In most instances in accordance with the following:
- (a) First offence – duties owing plus an amount equal to 50% of the duties evaded;
 - (b) Second offence – duties owing plus an amount equal to the duties evaded; and
 - (c) Third and subsequent offences – duties owing plus an amount equal to three times duties evaded, not to exceed duty paid value.
58. In assessing the penalties, a violation will remain on record for a period of three years. In the event that no further infractions are found within three years of the last infraction, a subsequent infraction will be subject to those penalties applicable to first offences.
59. The value for duty should be determined as shown on the Form B3 for warehouse. The rates of duties on the date shown on Form B3 for warehouse will apply (subsection 28(2) of the *Customs Act*).

Deemed Exportation

60. Subsection 89(3) of the *Customs Tariff* contains a list of when goods are deemed to be exported. This means that goods placed in a customs bonded warehouse as ships stores, for supply to a duty free-shop or for export are considered deemed exportation.
61. Imported goods that have been duty paid, goods imported under the Duties Relief Program, and domestic goods (produced from imported materials) are considered to be exported when they enter a customs bonded warehouse. Upon entry into the customs bonded warehouse, these goods are eligible for a drawback of duties. For goods delivered to a customs bonded warehouse or duty-free shop for exportation, documentation must include a copy of Form B3 or Form B116, *Canada Customs Duty Free Shop Accounting Document*.

NAFTA

62. Sections 95 to 98 of the *Customs Tariff* explain how NAFTA affects goods imported from non-NAFTA countries and used in the production of another product that is subsequently exported to a NAFTA country. The provisions of Article 303 of NAFTA (Restrictions on Drawback and Duty Deferral Programs) apply to processed goods exported to the United States on or after January 1, 1996, and processed goods exported to Mexico on or after January 1, 2001.

63. NAFTA defines the programs affected to include such measures as those governing foreign-trade zones, temporary importation's under bond, bonded warehouses, "maquiladoras," and inward processing programs.

64. NAFTA limits drawback or duties relief, on non-NAFTA imported goods subsequently exported, to the lesser of the duties (converted into Canadian dollars) paid on imported materials, or the duties paid on the end products when imported into another NAFTA country. This simply means that you may relieve duties in an amount that is the lesser of these two amounts. This is commonly referred to as the "lesser of" concept.

65. Please note that goods leaving the customs bonded warehouse for export or duty paid goods entered into a bonded warehouse as "deemed export" and seeking drawback may be affected by NAFTA. If an affected end product is placed in a customs bonded warehouse and exported to a NAFTA country, relief of duties must be paid within 60 days of export.

66. NAFTA also limits relief of anti-dumping and countervailing duties (*Special Import Measures Act* (SIMA)). Relief of SIMA duties is not permitted on goods that are subject to Article 303 of NAFTA. The lesser of concept does not apply and all SIMA duties relieved must be paid within 60 days of export.

67. NAFTA does not affect relief or deferral of customs duties on products exported to non-NAFTA countries. The lesser of formula does not apply to such exports. Additional information may be found in Memorandum D7-4-3, *NAFTA Requirements for Drawback and Duty Deferral*.

Transfer

68. "Transfer" means the change of ownership or the movement of goods between bonded warehouses, or between a bonded warehouse and a duty-free shop, or both. The importer or owner of the goods shall submit a transfer document in the prescribed form to an officer at the customs office where the goods were reported under subsection 19(2) of the *Customs Act*.

69. The types of transfers and documentation procedures are outlined in Appendix C (examples 15 to 19) of Memorandum D17-1-10. Procedures for the removal of excisable goods from an excise bonding warehouse to a customs bonded warehouse are outlined in Memorandum D4-2-1, *Ships Stores Regulations*. Information on the transfer of goods between programs (Duty Relief Program, Drawbacks Program, Customs Bonded Warehouse Program) is outlined in Memorandum D7-4-1, *Duty Deferral Program*.

Shortages in Shipments

70. Where shipments involving shortages are accounted for and delivered to the bonded warehouse, a "Nil" Form B3 ex-warehouse shall be presented for the quantity short-shipped, provided that evidence has been produced to verify the shortage. Form B3 for warehouse will account for the total quantity of goods with a notation indicating the quantity and value of goods short. Procedures for shortages in split shipments (part for consumption, part for warehouse) and for goods to arrive are outlined in Memorandum D17-1-1.

71. Where evidence of short-shipment is not presented within 60 days of the date of warehousing, Form B3 ex-warehouse shall be presented accounting for duties on the quantity of goods short-shipped. Where any quantity of warehoused goods will be ex-warehoused prior to the end of the 60 days, the Form B3 ex-warehouse must also account for any shortage which has not been properly verified. Further information regarding shortages may be found in Memorandum D17-1-5, *Importing Commercial Goods*.

Damaged, Destroyed, or Deteriorated Goods

72. The importer is entitled to a reduction of the duty and tax payable when goods suffer damage, deterioration, or destruction in a customs bonded warehouse. Form B3, type 20, supported by an approved Form K11, *Certificate of Damaged Goods* submitted to customs will account for the reduction in the quantity and value of the goods and to adjust inventory records. Details may be found in Memorandum D6-2-5, *Abatement of Customs Duties*, and Memorandum D6-2-3, *Refund of Duties*. Documentation details may be found in Memorandum D17-1-10.

Disposal of Goods

73. If goods remain in the customs bonded warehouse at the end of the specified time limit, without authorization for an extension of the allowable time limits, the CCRA will remove the goods and arrange for disposal. Goods may be either transferred to the local Queen's warehouse or sent to a Queen's warehouse at a central point. Customs will issue an unclaimed list number and complete Form E44, *Customs Notice – Unclaimed Goods*, for each shipment. Further information may be obtained in Memorandum D4-1-6, *Disposal of Abandoned and Forfeited Goods*.

APPENDIX A



Canada Customs and Revenue Agency / Agence des douanes et du revenu du Canada

Instructions on reverse / Instructions au verso

**APPLICATION FOR A LICENCE TO OPERATE A CUSTOMS BONDED WAREHOUSE
DEMANDE D'AGRÈMENT POUR EXPLOITER UN ENTREPÔT DE STOCKAGE DE DOUANES**

1. Company name - Nom de la société		2. Application - Demande <input type="checkbox"/> Original / Originale <input type="checkbox"/> Amended / Modifiée	
3. Head office address - Adresse du bureau central		4. Postal/Zip code - Zip code/Code postal	
5. Name and title of contact(s) - Nom et titre du ou des contacts		6. Telephone No. - N° de téléphone	
Security information - Renseignements relatifs à la garantie 7 <input type="checkbox"/> Surety bond / Cautionnement de garantie 8 <input type="checkbox"/> Government of Canada bond / Obligation du gouvernement canadien 9 <input type="checkbox"/> Other (specify) / Autre garantie (précisez) _____			
10. Name and address of guarantee company - Nom et adresse de la société de cautionnement		11. Bond no. - N° de cautionnement	
		12. Amount - Montant	
13. Warehouse address - Adresse de l'entrepôt		14. Postal code - Code postal	
15. Warehouse operator - Entreposeur		16. Premises - Emplacement <input type="checkbox"/> Owned by applicant / Propriété du demandeur <input type="checkbox"/> Leased by applicant / Loué par le demandeur	
17. Distance from customs office - Distance du bureau de douane		18. Name of lessor - Nom du bailleur	
19. Goods to be warehoused will be imported by - Les marchandises à être entreposées seront importées par <input type="checkbox"/> Applicant only / Le demandeur seul <input type="checkbox"/> Applicant and others / Le demandeur et d'autres			
20. Type of goods to be warehoused - Genre de marchandises qui doivent être entreposées <input type="checkbox"/> Imported in bond / Importées en douane <input type="checkbox"/> Imported in bond - alcohol / Importées en douane - alcool <input type="checkbox"/> Domestic in bond - alcohol (section 58, Excise Act) / Domestiques en douane - alcool (article 58, Loi sur l'accise) <input type="checkbox"/> Domestic in bond - tobacco (section 58, Excise Act) / Domestiques en douane - tabac (article 58, Loi sur l'accise) <input type="checkbox"/> Deemed exported (section 89(3), Customs Tariff) / Présomption d'exportation (article 89(3), Tarif des douanes) <input type="checkbox"/> Other designated goods / Autres marchandises désignées			
Note: A valid permit issued by the proper provincial liquor authority is required before warehousing intoxicating liquor. Nota : Un permis valide octroyé par la régie provinciale appropriée est exigé avant d'entreposer des boissons alcoolisées.			
21. Goods to be ex-warehoused for - Marchandises doivent être sorties de l'entrepôt aux fins de <input type="checkbox"/> Consumption / Consommation <input type="checkbox"/> Transfer in bond / Transfert en douane <input type="checkbox"/> Export / Exportation <input type="checkbox"/> Ships stores / Provisions de bord <input type="checkbox"/> Sale to diplomats / Vente aux diplomates			
22. Signature of applicant - Signature de demandeur		23. Title - Titre	24. Date Y - A M D - J

Do not use this area - N'inscrivez rien ici

<input type="checkbox"/> Premise examined / Lieux examinés <input type="checkbox"/> Meets requirements / Satisfait aux exigences <input type="checkbox"/> Does not meet requirements / Ne satisfait pas aux exigences <input type="checkbox"/> Recommended for approval / Approbation recommandée <input type="checkbox"/> Not recommended for approval / Approbation non recommandée	<input type="checkbox"/> Approved / Approbation <input type="checkbox"/> Amended / Modifiée <input type="checkbox"/> Not approved / Refusée _____ <small>For Minister of National Revenue / Pour le ministre du Revenu national</small> <small>Date</small>
Licence No. - N° d'agrément <div style="border: 1px solid black; width: 200px; height: 30px; margin: 0 auto;"></div>	

**Note: Until such time as the application is approved and a licence number is allocated, this does not constitute a valid licence.
Nota : Tant que la demande n'a pas été agréée et qu'un numéro d'agrément n'a pas été attribué, la présente demande ne constitue pas un agrément valide.**

Dans ce formulaire, toutes les expressions désignant des personnes visent à la fois les hommes et les femmes.

APPENDIX A – cont.

Completion instructions –
see also customs memorandum D4-1-2 and D7-4-4

Instructions concernant la façon de remplir ce formulaire –
voir aussi les mémorandums de douane D4-1-2 et D7-4-4

Field	Zone
1 The legally registered name of the company as shown on the security posted and, in the case of limited companies, as shown on the corporate seal.	1 La raison sociale dûment enregistrée de la société comme indiquée sur la garantie déposée et, dans le cas des sociétés à responsabilité limitée, comme indiquée sur le sceau institutionnel.
2 Indicate the type of application by placing a checkmark (✓) in the applicable box.	2 Indiquez le genre de demande en cochant (✓) la case appropriée.
3, 4 The full mailing address of the corporate head office including the postal or zip code. This address will be used for all correspondence concerning the application, and, after authorization is granted, all correspondence concerning the operations of the company.	3, 4 Adresse postale complète du bureau central y compris le zip code ou code postal. Cette adresse sera utilisée pour toute correspondance concernant la demande et après que l'autorisation aura été accordée, toute correspondance concernant les opérations de la société.
5, 6 Provide the name, title, and telephone number of the person(s) who should be contacted in regards to the general operations of the company. If the address(es) differs from the head office address, provide the address(es). Use an additional page if necessary.	5, 6 Donnez le nom, le titre et le numéro de téléphone de la ou des personnes qui devraient être contactées concernant les opérations générales de la société. Si la ou les adresses diffèrent de celle du bureau centrale, donnez la ou les adresses. Utilisez une page supplémentaire au besoin.
7 Indicate with a check mark (✓) if a surety bond from a guarantee company or financial institution is posted as security.	7 Cochez (✓) s'il s'agit d'un cautionnement provenant d'une société de cautionnement ou institution financière.
8 Indicate with a check mark (✓) if Government of Canada bonds are posted as security. Where an applicant has chosen to submit Government of Canada bonds, customs Form Y76 is to be completed and submitted with the bonds and this application. Form Y76 may be obtained from any customs office.	8 Cochez (✓) si les obligations du gouvernement canadien sont déposées à titre de garantie. Lorsqu'un demandeur a choisi de remettre des obligations du gouvernement canadien à titre de garantie, il lui faut remplir le formulaire Y76 et le présenter avec les obligations et la présente demande. Le formulaire Y76 peut être obtenu de n'importe quel bureau de douanes.
9 Indicate with a check mark (✓) if security other than a surety or Government of Canada bond is posted. Identify the type of security being posted, i.e., cash or certified cheque.	9 Cochez (✓) si c'est un autre cautionnement qu'un cautionnement de garantie ou qu'une obligation du gouvernement du Canada qui est déposé. Précisez le genre de garantie qui est déposée, c'est-à-dire, comptant ou chèque certifié.
10 When surety bonds are posted as security, provide the full, legally registered name of the guarantee company or financial institution which issued the bond. Where applicable, provide the head office address of the guarantee company or financial institution. If not known, leave blank.	10 Lorsque des cautionnements de garantie sont déposés, donnez au complet la raison sociale dûment enregistrée de la société de cautionnement ou institution financière où le cautionnement a été émis. S'il y a lieu, indiquez le nom et l'adresse du bureau central de la société de cautionnement ou institution financière. Si l'adresse n'est pas connue, laissez en blanc.
11 Where applicable, indicate the bond number of the surety bond.	11 S'il y a lieu, indiquez le numéro du cautionnement de garantie.
12 Provide the amount of security.	12 Indiquez le montant de la garantie.
13,14 The full mailing address of the warehouse including the postal code.	13,14 Adresse postale complète de l'entrepôt y compris le code postal.
15 Indicate the name of the person or company operating the warehouse, if different from field 1.	15 Indiquez le nom de la personne ou de la compagnie qui exploite l'entrepôt si ce nom diffère de celui à la zone 1.
16 Indicate with a check mark (✓) the appropriate box.	16 Cochez (✓) la case appropriée.
17 Meters/kilometers or yards/miles.	17 Mètres/kilomètres ou verges/miles.
18 Provide name of lessor, if applicable.	18 Donnez le nom du bailleur, s'il y a lieu.
19 Indicate with a check mark (✓) the appropriate box. Only one may be marked.	19 Cochez (✓) la case appropriée. Une case seulement doit être cochée.
20 Indicate with a check mark (✓) the appropriate box(es).	20 Cochez (✓) la ou les cases appropriées.
21 Indicate with a check mark (✓) the appropriate box(es).	21 Cochez (✓) la ou les cases appropriées.
22 The application must be signed by an authorized official of the company.	22 La demande doit être signée par une personne autorisée désignée par la compagnie.
23 Provide the title of the official signing the application.	23 Indiquez le titre de la personne qui signe la demande.

The completed application in triplicate and supporting documentation must be submitted to the customs office having jurisdiction over the area where the warehouse is located.

La demande remplie, en trois exemplaires, ainsi que les documents d'appui doivent être soumis au bureau de douane dont relève la région où se trouve l'entrepôt.

APPENDIX B

CUSTOMS BONDED WAREHOUSES REGULATIONS

SOR/96-46

REGULATIONS RESPECTING CUSTOMS BONDED WAREHOUSES

Short title

1. These Regulations may be cited as the *Customs Bonded Warehouses Regulations*.

Interpretation

2. In these Regulations,

“applicant” means a person who applies for a licence; (*demandeur*)

“bonded warehouse” means a place licensed as a bonded warehouse by the Minister under subsection 91(1) of the *Customs Tariff*; (*entrepôt de stockage*)

“chief officer of customs”, with respect to a bonded warehouse or a proposed bonded warehouse, means the manager of the customs office or customs offices that serve the area in which the bonded warehouse is located or is proposed to be located; (*agent en chef des douanes*)

“Department” means the Department of National Revenue; (*ministère*)

“excise bonding warehouse” means a bonding warehouse within the meaning of section 2 of the *Excise Act*; (*entrepôt d’accise*)

“intoxicating liquor” has the same meaning as in subsection 2(1) of the *Importation of Intoxicating Liquors Act*; (*boissons enivrantes*)

“licence” means a licence to operate a place as a bonded warehouse; (*agrément*)

“licensee” means a person who is the operator of a bonded warehouse and to whom a licence has been issued; (*exploitant*)

“Minister” means the Minister of National Revenue; (*ministre*)

“preserving” means the preserving of goods by the application of preservative, including lubricants, protective encapsulation and preservation paint, and, if the condition of the goods is not changed, by other means such as freezing, drying and freeze-drying. (*préservation*)

PART I

LICENSING OF BONDED WAREHOUSES

Issuance of Licence

3. (1) Subject to subsection (4), the Minister may issue a licence to any person who
 - (a) makes an application in accordance with subsection (2);
 - (b) provides such security as may be required under subsection 91(4) of the *Customs Tariff* and in accordance with section 4; and
 - (c) pays any fee required to be paid under section 5.

(2) Any person who wishes to apply for a licence in respect of a proposed bonded warehouse shall submit a completed application in the prescribed form, together with a detailed plan of the proposed bonded warehouse, to the chief officer of customs.

(3) The plan referred to in subsection (2) must indicate

(a) whether the place proposed to be operated as a bonded warehouse exists or is to be constructed;

(b) the type of construction of the place, whether or not it already exists; and

(c) the area, within the place, that is to be used for the storage of goods.

(4) The Minister shall not issue a licence to an applicant unless

(a) the applicant is of good character;

(b) the site of the proposed bonded warehouse is within an area served by a customs office;

(c) the applicant has sufficient financial resources

(i) to meet the requirements set out in sections 11 and 12, and

(ii) to lease or purchase the place proposed to be operated as a bonded warehouse;

(d) the applicant will provide conditions suitable for the safekeeping of goods; and

(e) the Department is able to provide customs services with respect to the proposed bonded warehouse.

(5) The terms and conditions under which a licence may be issued include the extent to which and circumstances in which, in accordance with section 20, goods may be manipulated, unpacked, packed, altered or combined with other goods while in bonded warehouses.

Security

4. For the purposes of subsection 91(4) of the *Customs Tariff*, security shall be deposited with the chief officer of customs and shall be in the form of

(a) cash;

(b) a certified cheque;

(c) a transferable bond issued by the Government of Canada; or

(d) a bond issued by

(i) a company* that is licensed or otherwise authorized under the laws of Canada or of a province to carry on the fidelity or surety class of insurance business and that is recommended to the Treasury Board by the Office of the Superintendent of Financial Institutions 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 amounts permitted by the statutes under which those institutions were established,

(iv) a credit union as defined in subsection 137(6) 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.

*Pending regulatory amendment

Licence Fees

5. (1) Subject to subsection (2), every licensee shall pay to the chief officer of customs an annual fee for the licence, for the period beginning on the day on which the licence is issued and ending on March 31 in the same fiscal year and for each fiscal year of operation thereafter, determined on the basis of the amount of security deposited under section 4, in accordance with the table to this subsection.

Table

Amount of Security Deposited	Amount of Fee Payable Per Fiscal Year
Up to \$10,000	\$ 100
\$10,001 to \$50,000	\$ 800
\$50,001 to \$200,000	\$1,500
\$200,001 to \$500,000	\$3,000
More than \$500,000	\$5,000

(2) Where a licence is issued on or after October 1 of a fiscal year, the fee payable for that fiscal year shall be half the applicable fee but not less than \$100.

(3) The fee payable under subsections (1) and (2) for the period beginning on the day on which the licence is issued and ending on March 31 in the same fiscal year shall be paid on or before the issuance of the licence and the fee for each fiscal year of operation thereafter shall be paid on or before April 1 of that fiscal year of operation.

(4) For the purposes of this section, “fiscal year” means the period beginning on April 1 and ending on March 31 in the following year.

Amendment of Licence

6. The Minister may amend a licence only where the name of the licensee has been changed legally.

Cancellation or Suspension of Licences

7. The Minister may cancel a licence where the licensee

- (a) no longer owns or leases the place that is licensed as a bonded warehouse;
- (b) requests the Minister in writing to cancel the licence; or
- (c) is bankrupt.

8. (1) Subject to section 9, the Minister may suspend or cancel a licence where the licensee

- (a) is the subject of a receivership in respect of the licensee’s debts;
- (b) fails to comply with any Act of Parliament, or any regulation made pursuant to an Act of Parliament, that prohibits, controls or regulates the importation or exportation of goods;
- (c) has, in the course of operating the bonded warehouse, acted dishonestly in business dealings with customs brokers, importers, carriers, Her Majesty or servants of Her Majesty;
- (d) has not met any of the requirements set out in sections 11 and 12; or
- (e) has been incompetent in the operation of the bonded warehouse.

- (2) Subject to section 9, the Minister may cancel a licence where
- (a) the volume of goods being received in the bonded warehouse is no longer sufficient to warrant the continued operation of the bonded warehouse;
 - (b) there is no longer a need for a bonded warehouse in the area in which the bonded warehouse is located;
 - (c) the Department is no longer able to provide customs services with respect to the bonded warehouse; or
 - (d) the licensee manipulates, unpacks, packs, alters or combines the goods with other goods while in the bonded warehouse other than in accordance with the specifications set out in the licence or in the circumstances set out in section 20.

(3) Where a licence is suspended, an officer may lock and seal the bonded warehouse and keep it locked and sealed during the period of suspension.

9. (1) The Minister shall, immediately after suspending a licence, give to the licensee a notice confirming the suspension and providing all relevant information concerning the grounds on which the Minister has suspended the licence.

(2) The licensee may, within 90 days after the day on which the licence is suspended, make representations to the Minister regarding why the licence should be reinstated.

(3) The Minister shall, before cancelling a licence under section 8, give the licensee 90 days notice of the proposed cancellation and provide the licensee with all relevant information concerning the grounds on which the Minister proposes to cancel the licence.

(4) The licensee may, within 90 days after the day on which the notice referred to in subsection (3) is given, make representations to the Minister regarding why the licence should not be cancelled.

Reinstatement of Licences

10. The Minister may reinstate a suspended licence where the cause for the suspension no longer exists.

PART II

OPERATION OF BONDED WAREHOUSES

Facilities, Equipment and Personnel

11. (1) Every licensee shall provide at the bonded warehouse in respect of which the licence was issued

- (a) such facilities, equipment and personnel as are sufficient to control access to the bonded warehouse premises and provide secure storage of the goods in it, including
 - (i) doors and other building components of sturdy construction,
 - (ii) secure locks on doors and windows,
 - (iii) signs that indicate the security requirements applicable to the premises, and
 - (iv) where the bonded warehouse will be used for the storage of designated goods, such additional facilities and equipment as may be required to ensure the secure storage of those goods;
- (b) adequate space for the examination of goods by officers;

(c) the personnel and equipment necessary to ensure that the goods to be examined by an officer are made available to the officer for examination; and

(d) the personnel necessary to furnish information, for audit purposes, to an officer with respect to the bonded warehouse operations and inventory system.

(2) Where a bonded warehouse forms only part of a building, the licensee shall, if so requested by the chief officer of customs, keep the bonded warehouse separate from the remainder of the building by a partition or other structure.

Operation and Maintenance Standards

12. (1) Every licensee shall ensure that the goods received in the bonded warehouse are

(a) stored safely and securely in the area designated for that purpose in the plan referred to in subsection 3(2); and

(b) identified in such a manner so as to enable an officer to locate the goods and check them against the appropriate documentation.

(2) No person, other than the licensee, an employee of the licensee or an employee of a carrier engaged in the delivery of goods to or the removal of goods from the bonded warehouse, shall enter any place in it where goods are stored, without the written authorisation or the attendance of an officer.

(3) Every licensee of a bonded warehouse shall have in place

(a) procedures to maintain the security of, and restrict access to, the bonded warehouse; and

(b) procedures to ensure that personnel working in the bonded warehouse are aware of and follow the procedures referred to in paragraph (a).

(4) A bonded warehouse may be locked and sealed by an officer where the chief officer of customs requests that the bonded warehouse be locked and sealed, for the purpose of verifying the goods received or the warehouse documentation.

Restrictions on Goods

13. No licensee shall receive in or transfer from a bonded warehouse in a province intoxicating liquor unless the licensee has obtained written approval to receive or transfer the intoxicating liquor from the board, commission or agency authorized by the laws of that province to sell or authorise the sale of intoxicating liquor in that province.

14. No licensee shall receive imported tobacco products into a bonded warehouse unless

(a) they are to be removed from the warehouse for

(i) sale to a foreign diplomat in Canada,

(ii) export from Canada,

(iii) sale to a duty free shop, or

(iv) use as ships' stores; or

(b) they are manufactured tobacco, other than cigarettes, tobacco sticks or snuff, and the licensee is a licensed tobacco or cigar manufacturer under the *Excise Act*.

15. No licensee shall remove imported tobacco products from a bonded warehouse unless

(a) they are removed for

(i) sale to a foreign diplomat in Canada,

- (ii) export from Canada,
 - (iii) sale to a duty free shop, or
 - (iv) use as ships' stores; or
- (b) they are manufactured tobacco, other than cigarettes, tobacco sticks or snuff, and the licensee is a licensed tobacco or cigar manufacturer under the *Excise Act*.

16. (1) No licensee shall receive domestic tobacco products into a bonded warehouse unless the domestic tobacco products are to be removed for use as ships' stores.

(2) No person shall remove domestic tobacco products from a bonded warehouse unless the domestic tobacco products are being removed for use as ships' stores.

Receipt of Goods

17. Every licensee shall

(a) acknowledge receipt of imported goods into the bonded warehouse in respect of which their licence was issued by endorsing

- (i) the transportation document presented to the licensee by the carrier, and
- (ii) the form that is referred to in subsection 19(2) of the *Customs Act* and is presented to the licensee by the importer or owner of the goods; and

(b) acknowledge the receipt of any other goods that have been received in the bonded warehouse by completing the delivery document in the manner described in the prescribed form.

Prescribed Class of Goods and Period of Time

18. For the purposes of subsections 37(2) and 39.1(2) of the *Customs Act*, tobacco products are a prescribed class of goods that are forfeit if they have not been removed from the bonded warehouse within five years after the day on which the goods are described in the form prescribed under subsection 19(2) of the *Customs Act*.

Time Limits

19. For the purposes of subsection 37(2) of the *Customs Act*, the prescribed time in respect of goods referred to in column I of an item of the schedule is the time set out in column II of that item, which time begins on the day on which the goods are described in the form prescribed under subsection 19(2) of the *Customs Act*.

Manipulation, Alteration, Packing, Unpacking, Combination of Goods

20. Goods shall not be manipulated, altered or combined with other goods while in a bonded warehouse except for the purpose of or in the course of

- (a) disassembling or reassembling goods that have been assembled or disassembled for packing, handling or transportation;
- (b) displaying;
- (c) inspecting;
- (d) marking, labelling, tagging or ticketing;
- (e) packing, unpacking, packaging or repackaging;

- (f) removing from the warehouse, for the sole purpose of soliciting orders for goods or services, a small quantity of material, or a portion, a piece or an individual object, that represents the goods;
- (g) storing;
- (h) testing; or
- (i) any of the following that do not materially alter the characteristics of the goods:
 - (i) cleaning,
 - (ii) complying with any applicable law of Canada or of a province,
 - (iii) diluting,
 - (iv) normal maintenance and servicing,
 - (v) preserving,
 - (vi) separating defective goods from prime quality goods,
 - (vii) sorting or grading, and
 - (viii) trimming, filing, slitting or cutting.

Transfer and Removal of Goods

21. Where there is a transfer of ownership of goods stored in a bonded warehouse, the importer or owner of the goods shall submit a transfer document in the prescribed form to an officer at the customs office where the goods were described under subsection 19(2) of the *Customs Act*.

22. Where the importer or owner of goods stored in a bonded warehouse wants the goods removed from the bonded warehouse in smaller units than those described under subsection 19(2) of the *Customs Act*, the importer or owner shall submit to the chief officer of customs

- (a) where the goods are to be released, an amended accounting in the prescribed form; or
- (b) where the goods are not to be released, an amended description in the prescribed form.

SCHEDULE
(Section 19)

Item	Column I Warehouse Goods	Column II Time Limits
1.	Spare parts for aircraft or vessels oceanic cable, oil-drilling supplies and related parts and equipment, not intended for domestic consumption	15 years
2.	Intoxicating liquor	5 years
3.	Goods placed in a bonded warehouse for marking in accordance with the <i>Marking of Imported Goods Regulations</i> or for display at conventions exhibitions or trade shows	90 days
4.	Any other goods	4 years

APPENDIX C

POLICY FOR THE CONTROL OF FRESH PRODUCE MOVING INTO CUSTOMS BONDED WAREHOUSES

Principles

1. Imported produce moving into a customs bonded warehouse must be stored in a sealable room and must be kept separate from domestic produce and non-bonded imported produce.
2. The Canada Customs and Revenue Agency (CCRA) has the responsibility to maintain and manage seals on bonded bulk storage rooms. However, the Canada Food Inspection Agency (CFIA) may assist wherever possible. The CCRA will provide information on seals status to the CFIA.
3. When importers wish to remove produce from a customs bonded bulk storage room, they must contact a local customs officer for permission to remove the seal and open the bonded storage room.
4. Control of the movement of the bonded produce occurs at the bonded sealed bulk storage room point. Produce cannot move outside of the bonded bulk storage room without customs consent and control.
5. A customs officer may release into domestic consumption the bonded produce provided that the requirements of both the CFIA and the CCRA are met (may include permits, waivers, surtaxes).
6. Once produce has been removed from the bonded bulk storage room, it can be exported in its original container, packed through a bonded packing line, released to a non-bonded packing line, returned to a bonded bulk storage site, released to a domestic processor, or disposed of. These scenarios are further elaborated in this document.
7. When goods are returned to a bonded bulk storage room, this storage room must be resealed, and the seal number must be provided to the CCRA.
8. The CCRA offers these privileges in order to assist Canadian packers to meet market demands by ensuring ready access to product supply.
9. Any abuse of these privileges will result in suspension and/or cancellation of these bonded warehouse operations.

CCRA's Tasks

10. "In-bond" produce must be transported to a bonded warehouse by an approved sealed bonded carrier provide that all the CCRA regulatory requirements are met.
11. Movement of "in-bond" produce from the border to a customs bonded warehouse, between customs bonded warehouses, or between a customs bonded warehouse to a bonded packing line will be controlled by the CCRA.
12. Only in-bond produce can be stored in a bonded bulk storage room. Domestic produce and duty-paid (non-bonded) imported produce will be stored outside of the bonded area, thereby removing the possibility of mixing domestic produce with non-inspected "in-bond" produce.
13. The bonded bulk storage rooms must be sealed by the CCRA or done under the authority of the CCRA. The seal must only be broken upon the authorization of the CCRA. The CFIA may assist the CCRA in the sealing and opening of these bonded storage rooms. A customs control log book will be maintained by the importer at the bonded bulk storage site where all seal numbers, dates, time, name of the customs officer who gave the authorization to break the seal and product movements are entered.

14. The CCRA, with the assistance of the CFIA, will verify records of weight of produce imported, weight of packed product, pack-out percentages, weight of culls, weight of bonded produce that date, and mode of transport for exported produce.

15. In the case of bonded pack lines, the CCRA, with the assistance of the CFIA, may ensure that:

- (a) bonded packing lines are free of domestic produce prior to the packing of “in-bond” produce; and
- (b) after packing, “in-bond” produce is stored in the bonded bulk storage area, to prevent the mixing of domestic or non-bonded imported produce with non-inspected “in-bond” produce.

CFIA’s Tasks

16. As prescribed in subsection 34(1) of the *Fresh Fruit and Vegetable Regulations*, no person shall market any produce in import trade unless the produce is properly packaged, labeled, and meets the applicable grade standards.

17. The CFIA may only seal/open bonded bulk storage rooms at the specific request of the CCRA.

18. The CFIA may assist the CCRA to ensure that unpacked/packed “in-bond” produce is not mixed with domestic or “released imported” unpacked/packed produce in storage or on packing lines.

19. The CFIA may assist the CCRA to verify records of weight of produce imported, weight of packed produce, pack-out percentages, weight of culls, weight of bonded produce, date and mode of transport for exported produce.

Importer’s Tasks for Produce Stored in Customs Bonded Warehouses

20. The importer of unpacked, packed, and cull “in-bond” produce will maintain separate access bulk storage rooms for “in-bond” produce and domestic produce or duty-paid (non-bonded) imported produce.

21. The importer of in-bond produce will keep complete records of the following:

- (a) seal numbers, date, time, name of the customs officer who gave the authorization to break the seal;
- (b) weight of produce stored “in bond”;
- (c) weight of packed produce “in bond” to be exported or to be released for the domestic market;
- (d) weight of culls “in bond”;
- (e) pack-out percentages for “in-bond” produce; and
- (f) date and identification mode of transport for exported produce.

Records Presented for Verification Upon Request of the CCRA and/or the CFIA

22. The importer must obtain permission from the CCRA prior to moving “in-bond” produce. For example, from one bonded warehouse to another, or from a bonded warehouse to a packing line.

23. To dispose of (dump) “in-bond” produce, the importer must obtain permission from the CCRA and the CFIA. The disposition of the produce will be done under the supervision of the CCRA or the CFIA and at the expense of the importer.

24. Before exporting, releasing, or disposing “in-bond” produce, the importer must complete all required customs control documents.

Situation I – “In-Bond” Produce Moving From a Bonded Warehouse to a Foreign Destination in Original Containers

25. The importer must obtain permission from the CCRA and complete all required customs control documents prior to movement of “in-bond” produce from a bonded bulk storage room.
26. Customs will control the movement of “in-bond” produce from the bonded warehouse to the Canadian border. In addition, the CCRA, with the assistance of the CFIA, will verify records of weight of imports, weights of exports, date and mode of transport for exported produce.
27. As the produce is “in bond” and has not entered Canada (by definition of the *Fresh Fruit and Vegetable Regulations*), no CFIA quality (grade) inspection is required. However, plant health inspection and certification may be required.

Situation II – “In-Bond” Produce Moving From a Bonded Warehouse, Packed on a “Bonded” Packing Line, and Destined for Export Markets

28. The importer must obtain permission from customs prior to the movement of “in-bond” produce from a bonded bulk storage room to a “bonded” packing line.
29. The CCRA with the assistance of the CFIA may ensure that:
 - (a) bonded packing line is free of domestic produce prior to the packing of “in-bond” produce; and
 - (b) after packing, “in-bond” produce is stored in the bonded bulk storage room, to prevent the mixing of domestic or non-bonded imported produce with non-inspected “in-bond” produce.
30. Packed “in-bond” produce must be correctly labeled in accordance with the importing country labeling requirements, more particularly, the country where the produce was grown must be declared on the packages.
31. Packed “in-bond” produce for export will be shipped out of the country under customs control. However, prior to exportation, the importer must complete all required customs control documents.
32. As this packed product is “in bond” and has not entered Canada (by definition of the *Fresh Fruit and Vegetable Regulations*), no CFIA quality (grade) inspection is required. However, plant health inspection and certification may be required.
33. The CFIA may perform, at the applicant’s request (and as resources permit), a quality (grade) inspection of “in-bond” packed produce destined to markets outside of Canada.
34. If, for some reasons, the importer wishes to release packed “in-bond” produce into domestic market, paragraph 40(b) of Situation III, will be applicable.
35. Cull “in-bond” produce may be:
 - (a) exported as per Situation I;
 - (b) released to a domestic processor as per Situation V; or
 - (c) disposed of as per Situation VI.
36. The CCRA, with the assistance of the CFIA, will verify records of weight of produce imported, weight of packed product exported, pack-out percentages, weight of culls, date and mode of transport for exported produce.

Situation III – “In-bond” produce moving from a bonded warehouse and packed under a “bonded” packing line for domestic sales

Note: Requirements from the previous situation apply, in addition to the following requirements.

37. The importer must obtain permission from the CCRA and the CFIA prior to the movement of “in-bond” produce from a bonded bulk storage room to a “bonded” packing line. This permission will be granted when submitted evidence demonstrates that a domestic shortage of the product exists.
38. Packed “in-bond” produce must be packaged and labeled as per the requirements of the *Fresh Fruit and Vegetable Regulations*, more particularly, the country where the produce was grown must be declared on the packages.
39. Packed “in-bond” produce for domestic sales must be subject to the CFIA inspection. Only produce that meets Canadian import requirements may proceed to the domestic market.
40. “In-bond” packed produce that fails to meet Canadian import requirements may not be removed from the customs bonded warehouse unless the produce:
- (a) is exported under customs control and all the required CCRA customs control documents are completed;
 - (b) is re-graded, re-inspected by the CFIA and the importer has completed all the required CCRA control documents before its release; or
 - (c) is released and sent to a domestic processor as per situation V; or
 - (d) is disposed of as per situation VI.

Situation IV – “In-Bond” Produce Moving From a Bonded Warehouse and Packed Under a “Non-Bonded” Packing Line for Domestic or Export Market

41. “In-bond” produce may move from a bonded bulk storage room to a non-bonded packing line only if:
- (a) the importer has applied for and has obtained a Ministerial Exemption as per the Guidelines for Requesting Ministerial Exemption to the *Fresh Fruit and Vegetable Regulations*;
 - (b) the produce has been inspected by the CFIA for its compliance with the *Fresh Fruit and Vegetable Regulations*; and
 - (c) the importer has completed all the required CCRA customs documents and has obtained a release from the CCRA.
42. Only “in-bond” produce that meets Canadian import requirements and has been released by the CCRA may proceed to a non-bonded packing line.
43. When “in-bond” produce meets Canadian import requirements, the CCRA, with the assistance of the CFIA, will verify records of weight of imports and weight of produce released.
44. “In-bond” produce that fails to meet Canadian import requirements may not be removed from the customs bonded warehouse unless the produce:
- (a) is exported under the CCRA control as per situation I;
 - (b) is packed on a CCRA customs bonded packing line according to the requirements of situations II and III;
 - (c) is released and sent to a domestic processor as per situation V; or
 - (d) is disposed of as per situation VI.

45. Packed “in-bond” produce must be packaged and labeled as per the requirements of the *Fresh Fruit and Vegetable Regulations*, more particularly, the country where the produce was grown must be declared on the packages.

Situation V – “In-Bond” Produce Shipped From a Bonded Warehouse to a Domestic Processor

46. “In-bond” produce may be shipped to a processor only if the importer:

(a) has applied for and has obtained a Ministerial Exemption as per the Guidelines for Requesting Ministerial Exemption to the *Fresh Fruit and Vegetable Regulations*; and

(b) has completed all the required CCRA customs control documents and has obtained a release from the CCRA.

47. When apples are destined for peeling or cooking, the apples must be inspected by the CFIA for their compliance with the *Fresh Fruit and Vegetable Regulations*. Only apples that meet the Canada No. 1 Peelers, Canada No. 2 Peelers, or Canada Commercial Cookers are allowed to be released by the CCRA.

48. The CCRA, with the assistance of the CFIA, will verify records of weight of produce imported and weight of produce released.

Situation VI – “In-Bond” Produce is Released From a Bonded Warehouse to Be Disposed Of (Dump)

49. “In-bond” produce may be released from a bonded warehouse and disposed of, at a dump site, only if the importer:

(a) has obtained the permission of the CCRA and the CFIA; and

(b) has completed all the required CCRA customs control documents and has obtained a release from the CCRA.

50. The disposition of the produce will be conducted under the supervision of the CCRA or the CFIA and at the expense of the importer.

51. The CCRA, with the assistance of the CFIA, will verify records of weight of produce imported and weight of produce disposed of.

APPENDIX D

DISTRICT CUSTOMS OFFICES

For answers to your customs enquiries, or to locate your nearest district customs office, please call our information line.

From within Canada, call:

1-800-461-9999
(toll free)

From outside Canada, call:

(204) 983-3500 or
(506) 636-5067
(long distance charges apply)

- **Personal service:** If you call during office hours (8 a.m. to 4 p.m., across Canada), you can **speak directly to an agent**.
- **Anytime, anywhere:** If your enquiry is of a general nature, our 24-hour phone service automatically answers all incoming calls and provides **recorded information** on many common topics.

Atlantic Region

Newfoundland and Labrador

165 Duckworth Street
P.O. Box 12075
St. John's NF A1B 4R5

Telephone: (709) 772-4335
Fax: (709) 772-0241

Nova Scotia

1583 Hollis Street
P.O. Box 520
Halifax NS B3J 2R7

Telephone: (902) 426-9554
Fax: (902) 426-2129

Northern New Brunswick

Room 210
66 St. Francis Street
Edmundston NB E3V 1E6

Telephone: (506) 739-1835
Fax: (506) 739-1841

Central New Brunswick

849 Main Street
Woodstock NB E7M 2G6

Telephone: (506) 328-9211
Fax: (506) 328-4734

Southern New Brunswick and Prince Edward Island

4th floor
126 Prince William Street
Saint John NB E2L 4H9

Telephone: (506) 636-4508
Fax: (506) 636-4079

Quebec Region

Québec

3rd floor, Room 302
130 Dalhousie Street
P.O. Box 2267
Quebec QC G1K 7P6

Telephone: (418) 649-6492
Fax: (418) 649-8069

Montérégie

Route 15
Lacolle QC J0J 1J0

Telephone: (450) 246-2272
Fax: (450) 246-1184

Eastern Townships

50 Place de la Cité
P.O. Box 1300
Sherbrooke QC J1H 5L8

Telephone: (819) 573-2080
Fax: (819) 564-4891

Metropolitan Montréal

2nd floor
400 Place d'Youville
Montréal QC H2Y 2C2

Telephone: (514) 350-6120
Fax: (514) 283-8591

Montréal-Dorval International Airport

Office 445
975 Romeo Vachon Boulevard North
Dorval QC H4Y 1H1

Telephone: (514) 633-7702
Fax: (514) 633-7726

Northern Ontario Region

Ottawa

1st floor
2265 St. Laurent Boulevard
Ottawa ON K1G 4K3

Telephone: (613) 991-0501
Fax: (613) 991-1407

St. Lawrence

294 King Street East
Kingston ON K7L 3B2

Telephone: (613) 545-8477
Fax: (613) 545-8702

Northwestern Ontario

2nd floor
22 Bay Street
Sault Ste. Marie ON P6A 5S2

Telephone: (705) 941-3052
Fax: (705) 941-3060

Southern Ontario Region**Greater Toronto Area – Commercial**

Cargo 3 Building
2720 Britannia Road
Toronto AMF
P.O. Box 40
Toronto ON L5P 1A2

Telephone: (905) 676-3626
Fax: (905) 612-6059

Pearson International Airport – Passenger Operations

Toronto AMF
P.O. Box 40
Toronto ON L5P 1A2

Terminal I

Telephone: (905) 676-3640
Fax: (905) 676-5120

Terminal II

Telephone: (905) 676-3537
Fax: (909) 612-5555

Terminal III

Telephone: (905) 612-5416
Fax: (905) 612-5421

Hamilton

Suite 108
400 Grays Road
Hamilton ON L8E 3J6

Telephone: 1-800-461-9999
Fax: (905) 308-8714

Kitchener

29 Duke Street East
P.O. Box 2157, Station B
Kitchener ON N2H 6M1

Telephone: (519) 571-5717
Fax: (519) 571-5719

London

Unit 2
2724 Roxburgh Road
R.R. 4
London ON N6N 1K9

Telephone: (519) 451-4275
Fax: (519) 451-9200

Fort Erie

60 Walnut Street
Fort Erie ON L2A 5N7

Telephone: (905) 994-6330 (Travellers)
(905) 994-6376 (Commercial)
Fax: (905) 994-6360

Niagara Falls

4551 Zimmerman Ave.
Niagara Falls ON L2E 3M5

Telephone: (905) 354-4843 (Travellers)
(905) 262-4642 (Commercial)
Fax: (905) 354-4956

Windsor

P.O. Box 1655
Windsor ON N9A 7G7

Telephone: 1-800-461-9999
Fax: (519) 257-6458

St. Clair

P.O. Box 640
Sarnia ON N7T 7J7

Telephone: 1-800-461-9999
Fax: (519) 336-5742

Prairie Region**Winnipeg and Northwest Territories**

130-1821 Wellington Avenue
Winnipeg MB R3H 0G4

Telephone: (204) 983-3765
Fax: (204) 984-7048

Southern Manitoba

Emerson MB R0A 0L0

Telephone: (204) 373-2342
Fax: (204) 373-2764

Saskatchewan

3rd floor
1955 Smith Street
Regina SK S4P 2N9

Telephone: (306) 780-5218
Fax: (306) 780-6217

Southern Alberta

P.O. Box 220
Coutts AB T0K 0N0

Telephone: (403) 344-3766
Fax: (403) 344-3094

North Central Alberta

Bay 32
3033-34th Avenue NE
Calgary AB T1Y 6X2

Telephone: (403) 292-5200
Fax: (403) 292-4200

Pacific Region

Metropolitan Vancouver

3rd floor
333 Dunsmuir Street
Vancouver BC V6B 5R4

Telephone: (604) 666-0371
Fax: (604) 775-6792

Vancouver International Airport

113-500 Miller Road
Richmond BC V7B 1K6

Telephone: (604) 666-1800
Fax: (604) 666-1812

Pacific Highway

28-176th Street
Surrey BC V4P 1M7

Telephone: (604) 538-3602
Fax: (604) 538-0293

West Coast and Yukon

Room 107
816 Government Street
Victoria BC V8W 1X1

Telephone: (250) 363-3365
Fax: (250) 363-8261

Okanagan and Kootenay

320-277 Winnipeg Street
Penticton BC V2A 1N6

Telephone: (250) 492-9550
Fax: (250) 492-9551

REFERENCES

ISSUING OFFICE –

Duty Deferral Unit
Trade Policy and Interpretation Directorate

LEGISLATIVE REFERENCES –

Customs Tariff

HEADQUARTERS FILE –

6514-0

SUPERSEDED MEMORANDA “D” –

D4-1-0, April 2, 1996
D4-1-2, January 1, 1991

OTHER REFERENCES –

D7-4-1, D7-4-2, D7-4-3, D17-1-1, D17-1-10

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.