



Ottawa, October 6, 2006

CUSTOMS NOTICE 654

Set Top Boxes Remission Order

COMING INTO FORCE

This notice explains the Canada Border Services Agency (Agency or CBSA) administrative guidelines related to tariff item 8528.12.20 and the *Set Top Boxes Remission Order*.

Legislation

Customs Tariff

- 85.28 Reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus; video monitors and video projectors.
- 8528.12 --Colour
- 8528.12.20 ---Set-top boxes which have a communication function: a microprocessor-based device incorporating a modem for gaining access to the Internet, and having a function of interactive information exchange

(Free - MFNT)

Set Top Boxes Remission Order

REMISSION

1. Remission is hereby granted of the customs duties paid or payable under the *Customs Tariff* on set top boxes that have a communication function, a microprocessor-based device incorporating a modem for gaining access to the Internet and a function of interactive information exchange of tariff item No. 8528.12.99, imported into Canada during the period commencing on July 1, 1997 and ending on the day on which this Order comes into force.

CONDITIONS

2. The remission is granted on the following conditions:

- (a) a claim for remission is made by the importer to the Minister of Public Safety and Emergency Preparedness within two years after the day on which this Order comes into force; and
- (b) the importer files with the Agency the evidence that the Agency requires to determine eligibility for the remission.

3. This Order comes into force on the day on which it is registered.

Definitions

For the purposes of tariff item no. 8528.12.20 and the *Set Top Boxes Remission Order*, the following definitions apply:

“Communication function” means being capable of gaining access to the Internet and having a function of interactive information exchange.

“Internet” means the worldwide, publicly accessible network of interconnected computer networks that transmit data by packet switching, using the standard Internet Protocol (IP). An IP is a set of rules and conventions used to impose a standardized, structured language for communication between computers on the Internet.

“Microprocessor” means an integrated circuit that contains the logic elements for manipulating data and making decisions. Examples of microprocessors are:

Motorola 68000 series, Freescale Coldfire;
Intel 8008, 8080, 8086, 80186, 80286, 80386,
Pentium etc., Celeron, Itanium, Xeon;
AMD Athlon;
Analog Devices Blackfin.

“Modem” means a modulator-demodulator, that is, a device that encodes digital information into a form appropriate to the telecommunications carrier signal and extracts the digital information from the modified carrier signal; the term was originally used for a device that connects to analog communication lines, where it encodes the digital signal by varying the amplitude, frequency or phase of the carrier and extracts the digital information from the similarly modified carrier.

“Interactive information exchange” means the flow of information in both directions in a communication line in such a way that there is an opportunity at each reversal to modify the information sent in response to the information received.

Background

1. The Information Technology Agreement (ITA), to which Canada acceded on March 26, 1997, provides for the elimination of Most-Favoured-Nation Tariffs (MFNT) on a broad range of information technology products including certain set top boxes. The set top boxes must have a communication function, a microprocessor-based device incorporating a modem for gaining access to the Internet and a function of interactive information exchange. To ensure that Canada abides by all its ITA obligations, the Department of Finance introduced tariff item 8528.12.20.

2. Previously such set top boxes were classified under tariff item 8528.12.99 as other colour reception apparatus for television. While the tariff item is not retroactive, the *Set Top Boxes Remission Order* remits the customs duties paid on such set top boxes that were accounted for under tariff item 8528.12.99 between July 1, 1997, and the coming into force of the Remission Order.

3. Tariff item 8528.12.20 and the *Set Top Boxes Remission Order* came into force on August 29, 2006.

Administrative Guidelines

4. To claim a refund for customs duties paid on set top boxes accounted for under tariff item 8528.12.99 and imported between July 1, 1997, and August 29, 2006, the importers, or their agents, must submit a Form B2, *Canada Customs 0150 – Adjustment Request*. Special authorization code 06-799 will appear in field 20. In field 37, the type of request is RM and the legislative reference is 115(3).

5. In addition, the importer must provide technical information on the imported set top boxes, which confirms they had a communication function and contained an Internet Protocol (IP), a microprocessor and a modem.

6. Set top boxes that merely dial the signal provider to give details of the program being watched (usually for billing purposes) do not conform to the terms of tariff item 8528.12.20, since they do not connect to the Internet and do not permit interactive information exchange.

7. For importations made between July 1, 1997, and January 1, 2001, the importer is also required to provide a copy of the original accounting document.

8. Importers or their agents, who would like to submit a blanket B2, should contact the Client Services office in the region where they are located to request such permission.

9. To account for goods using tariff item 8528.12.20, importers must be prepared to provide the same technical information identified in paragraph 5, if asked or should the importation be subject to verification.

10. Any questions concerning tariff classification matters should be directed to:

Ron Sorobey
Senior Program Advisor
Transportation, Machinery, Electrical and Specialty
Products Unit
Tariff Policy Division
Trade Programs Directorate
Admissibility Branch
Canada Border Services Agency
4th Floor, Killeany Place
150 Isabella Street
Ottawa ON K1A 0L8

Telephone: 613-954-6861
Facsimile: 613-952-3971

11. Any questions concerning the *Set Top Boxes Remission Order* or the refund process should be directed to:

Debbie Arcand
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Trade Incentives and Refunds Unit
Tariff Policy Division
Trade Programs Directorate
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