

## Commercial Customs Border Tips

As an importer or exporter, you must be mindful of core customs activities which are essential to managing customs risk and maximizing opportunity within your company:

- Commodity classification
- Preferential trade program
- Valuation and origin
- Duty deferral/relief
- Export compliance
- Licensing and Special Import Measures Act (SIMA)
- Anti-dumping and countervailing duties
- Duty and tax payment
- Record keeping

The relationship between the importer and broker is that of an agency relationship. Since the Customs Broker is only acting as an agent on behalf of the importer, the importer is typically responsible for any mistakes made. In Canada a General Agency Agreement is entered between the parties and a Power of Attorney is the parallel agreement used in this relationship in the United States.

### Step-by-Step Guide to Commercially Importing Goods

1. Obtain a Business Number issued by the Canada Revenue Agency
  - a. Call the CRA's Business Window at 1-800-959-5525
  - b. Visit the CRA's **Business Registration Online (BRO)**
2. Identify the goods to be imported (used to determine tariff classification number to determine duty rate)
  - a. Description
  - b. Product composition information
  - c. Product samples, if possible
3. Determine if using a licensed customs broker
  - a. If not, prepare release and accounting documentation and corroborate with the CBSA
  - b. Accountable for documents, payments of duties, corrections
4. Determine country of origin for goods to be imported
  - a. May not be the country from which the product was shipped
  - b. May include the individual parts of product, assembly, etc.

5. Ensure goods are permitted into Canada
  - a. Examples of those which are not include hate propaganda and child pornography
6. Determine whether goods are subject to regulations, permits or restrictions by CBSA or government departments
7. Determine tariff classification number for each item to be imported which can be determined by:
  - a. Contacting *Customs Tariff; Border Information Service (BIS)*; or request from a **CBSA trade office**
8. Determine applicable duty rate and tariff treatment
  - a. To receive benefits or preferential duty rates:
    - i. Have proof of origin for specific trade agreement when goods are to be imported
9. Determine if goods are subject to GST, excise duty or excise tax
10. Determine value of goods to be imported
11. Estimate prior to import how much duties and taxes will pay
12. Place order and select shipping method
  - a. Determine at which CBSA office the goods will be released
13. Report your goods
  - a. ALL goods must be reported whether transported personally or by a carrier
  - b. If more than a \$2500 value:
    - i. Carrier must notify upon arrival of goods
    - ii. CBSA will inform you upon arrival of postal shipments
    - iii. Courier service will inform you
  - c. If less than \$2500 value:
    - i. Canada Post will deliver to you
    - ii. If forwarded by the courier, courier company may complete customs documents for you
14. Release your goods
  - a. You may prepare release and documents yourself or hire a broker
  - b. Each shipment will get a 14 digit transaction number
  - c. There are two methods for release:
    - i. Full accounting and payment of duties
    - ii. Release of goods before payment of duties (post security with CBSA)
15. Correct any errors in the accounting information submitted within 90 days from error discovery
16. Keep ALL documents regarding the import for six years

17. Know that your imports may be adjusted and verified by CBSA

### **Step-by-Step Guide to Commercially Exporting Goods**

1. Obtain a business number
2. Identify goods to be exported (to determine if regulated)
3. Determine if using a licensed customs broker
4. Determine country of origin of goods to be exported
  - a. This can affect permit requirements
  - b. May include individual parts of product, assembly, etc.
5. Ensure goods are permitted to be exported from Canada
  - a. Examples of those which are not include drugs and narcotics, and counterfeit money
6. Determine whether goods are subject to regulations, permits or restrictions by CBSA or government departments
7. Ensure goods meet import requirements of receiving country
8. Determine if goods must be included in an export declaration
  - a. If declaration is required, secure the appropriate export code
    - i. Depending upon your reporting method, you will need an 8 digit Canadian Export Classification Number OR the 10 digit Canadian Tariff Classification Number
9. Identify shipping method and applicable reporting time frame
  - a. If required to report to CBSA, reporting must be completed BEFORE export
  - b. Minimum timeframe for reporting:
    - i. Air – two hours prior to loading
    - ii. Highway – prior to export
    - iii. Marine – forty-eight hours prior to loading
    - iv. Mail – two hours prior to post-office delivery
    - v. Rail – two hours prior to loading
10. If required, submit export declaration
11. If required, present proof of export
12. If requested, provide certificate of origin to recipient of goods
13. In the case of a cancellation or amendment of export declaration, follow necessary procedures
14. Keep ALL documents regarding the export for six years
15. Be aware that the CBSA uses an Administrative Monetary Penalty System (AMPS) to assess penalties against non-compliant businesses

## Commercial Programs

1. The **Advance Commercial Information (ACI)** program allows electronic risk management of goods entering Canada for CBSA officers
2. **eManifest** is a significant element of ACI
  - a. Allows for electronic transmittal of advance commercial information to CBSA
3. **Partners in Protection (PIP) Program**
  - a. Program between the CBSA and private industry to enhance trade and border security
  - b. Voluntary
  - c. No membership fee
  - d. CBSA will assess your company and recommend improvements
4. **Free and Secure Trade (FAST) Program**
  - a. A commercial clearance program at which risk assessment is required to join
5. **The Customs Self-Assessment (CSA) Program**
  - a. CSA approved importers and carriers must use a registered driver
  - b. Driver is eligible to carry CSA eligible goods into Canada
  - c. Allows low-risk, pre-approved shipments to be processed more efficiently
    - i. **Commercial Driver Registration Program (CDRP)** is required for CSA program
      1. A clearance process for pre-approved commercial freight transporters into Canada from the U.S. for low-risk goods

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