

W E L C O M E

**Canada's Duty Deferral
Program**

Thursday, July 26, 2018

Canada Border Services Agency

Trade Operations Division Trade Incentives Program



CBSA Trade Incentives Program

The Trade Incentives / Duty Deferral Program can reduce costs and improve your cash flow. The Trade Incentives team is at our Toronto Centre office at 1 Front St. West, Toronto.

- There are four program lines:
 - **Duties Relief**
 - **Duty Drawback**
 - **Bonded Warehouse**
 - **Temporary Importations**



Advantages of the Trade Incentives Program

Reduced costs

- The duty cost component for your imported goods is effectively reduced or eliminated allowing exporters to competitively price goods on the world market

Improved cash flow

- You do not have cash tied up in up front payment of duties & taxes

Program portability

- You decide where your export based business may be located

Advantages of the Trade Incentives Program...

Program accessibility

- The program is accessible to all enterprises, small, medium & large.

Program flexibility

- A wide range of activities are permitted – from packing to full scale manufacturing depending on the program option. The duty free status is not impacted.

Global competitiveness

- Helps Canadian businesses compete more effectively in the international market

Duties Relief Program

- Duties / SIMA / Surtaxes / Excise tax are relieved at the time of importation
- GST relief via EOPS or EDC programs
- Goods may be exported in same condition or further manufactured / consumed without having to pay duties
- There are no fees or security requirements
- Improved cash flow
- Every type of manufacturing is allowed

Duties Relief...

- Apply via form K 90 - Duties Relief Application
- CBSA Trade Services officer will be assigned to you and will conduct a site visit
- If you qualify, CBSA will issue you a unique licence number to be noted in field 26 of the B3
- Must maintain auditable records – tracking of receipts / activities & movement of goods
- Goods imported & exported with or without further processing are eligible for the program

Drawbacks – The Refund Option

- A drawback is the return (refund) of duties paid on imported goods that are exported or incorporated / consumed in goods that are subsequently exported
- Allows companies to apply for the return of customs duties / SIMA / Excise & Surtaxes but not GST/HST.
- Importers, exporters or manufacturers of the imported goods can take advantage of the drawback option
- Goods may be imported and exported as is or subject to a full range of manufacturing processes in Canada
- Exporters can claim a drawback on imported goods that were sourced from a supplier in the domestic market
- Apply via form K32 & send to CBSA Trade Incentives

Customs Bonded Warehouse (CBW) Program The Storage Option

- Allows for the deferral of all import levies including the GST and HST.
- The CBW program allows clients to purchase goods when the time is right.
- Bonded storage allows clients to take advantage of just-in-time inventory practices.
- Clients have control over the use of money until the duty and tax is paid.
- Apply via form E 401 & send to CBSA Trade Incentives

Temporary Importations

The Temporary Importations Program can provide relief from the payment of duties and taxes, including GST/HST in some cases, for goods entering Canada on a temporary basis.

The program includes:

- Tariff Item 9993.00.00 (Temporary Importation) regulations
- International Events & Conventions Services Program
- E29B, Temporary Admission Permit
- Canadian Goods Abroad Program
- Remission Orders / Provisional Entries
- Container Banks / Performance Evaluation Program

Canadian Goods Abroad Program

- When Canadian goods are exported for repair, alteration, additions or further processing, the Canadian Goods Abroad program allows for the relief of duties on the "Canadian" portion of the value of the goods.
- Duty/Surtax is payable only on the value added to the Canadian goods in the form of labour or additional material / processing.
- GST/HST is payable only on the value of the processing performed outside of Canada.
- Authorization required from CBSA prior to export
- NAFTA Rules of Origin apply for 'processing' – Last NAFTA country in which goods underwent production

Impact of new surtax

- Refer to CBSA Customs Notice 18-08 & Dept. of Finance 'Countermeasures...to Unjustified Tariffs' doc.
- Surtax at 25% or 10% applies to US origin goods noted in Schedule 1 & 2 of Surtax Order
- Report surtax code '51' in field 32 (SIMA) & amount owing is noted in field 39 of B3-3
- Chapter 99 & most Chapter 98 end use provisions are subject to the new surtax
- Duty Drawback & Relief programs are available

New: Dept. of Finance Remission

- Remission of surtax requests considered by a federal inter-departmental committee
- Subject to consultation by domestic producers, etc.
- May apply to any company impacted by surtax
- Remission via an Order in Council (OIC)
- Refer to handout for required content template
- Email to: fin.remissions-remises.fin@Canada.ca

FTZ Point CBSA Contact

- Strategic locations across Canada to promote international trade and foreign direct investment
- Uniquely supported by a single-point of access to information on relevant government policies and programs
- CBSA is proud to be a member of the Windsor/Essex Foreign Trade Zone Point Team

CBSA Trade Services FTZ Contact:

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THANK YOU

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