



Ottawa, November 19, 2009

MEMORANDUM D17-1-1

In Brief

DOCUMENTATION REQUIREMENTS FOR COMMERCIAL SHIPMENTS

1. This memorandum is revised as a result of the Paper Burden Reduction Initiative, the revisions are aimed at eliminating obsolete and duplicated requirements.
2. In accordance with the above, the following changes were made:
 - (a) remove references to obsolete forms, publications and systems;
 - (b) reflect the organizational changes resulting from the creation of the Canada Border Services Agency (CBSA).



Printed in Canada



Ottawa, November 19, 2009

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DOCUMENTATION REQUIREMENTS FOR COMMERCIAL SHIPMENTS

This memorandum outlines and explains the policies and procedures for presenting the import documents required for obtaining release and accounting for commercial shipments.

For most commercial shipments, it is the carrier who reports the arrival of the shipment and provides the proper documents according to the mode of transportation. The importer, the owner, or the broker submits the release and accounting documents. These documents may vary depending on the release service option the client chooses. In the courier stream, it is the courier who submits the release documentation.

Legislation

The *Accounting for Imported Goods and Payment of Duties Regulations* can be found on the Department of Justice Canada website at: <http://laws.justice.gc.ca>.

GUIDELINES AND GENERAL INFORMATION

RELEASE DOCUMENTATION

1. The importer or broker is responsible for obtaining release of their commercial shipment by presenting a paper release package to the CBSA, or by submitting the release data electronically via electronic data interchange (EDI).
2. Importers and brokers can obtain release of commercial shipments from the CBSA by:
 - (a) presenting a properly completed accounting document, Form B3, *Canada Customs Coding Form*, which accounts for the duties owing on the goods; or
 - (b) presenting an interim accounting release on minimum documentation (RMD) when the appropriate security has been posted with the CBSA for the release of goods prior to payment of duties.
3. Release on minimum documentation (RMD) can be presented on paper or by using EDI. Line release is another client service option that is available to importers.

Line Release

4. Line release gives the client a faster and more efficient service through the use of the Prerival Review System (PARS).

COMMERCIAL ACCOUNTING DOCUMENTATION

Invoicing

5. Instructions for completing invoices to meet the requirements of the CBSA can be found in Memorandum D1-4-1, *CBSA Invoice Requirements*.
6. For more information on invoice requirements at the time of release, refer to Memorandum D17-1-4, *Release of Commercial Goods*.

Invoice Recapitulation and Cross Referencing

7. The guidelines found in paragraphs 8 to 16 are to be used by the importers/owners and their agents to prepare invoice recapitulations and cross references.
8. Customs Automated Data Exchange System (CADEX) participants must cross reference invoice information to accounting data as described in paragraph 16. Non-participants in CADEX may cross reference or, alternatively, may provide an invoice recapitulation (see the Appendix).
9. Whichever alternative is chosen, a classification number may only be shown once per subheader on a non-bonded warehouse Form B3. In the case of a bonded warehouse Form B3, goods rated under the same classification number, but having more than one unit price, must be entered on as many classification lines as there are unit prices.
10. The importer/owner or agent should classify the non-CADEX final accounting package to the 10-digit level of classification. However, it is not necessary to show the classification numbers on the invoice.
11. Goods rated under the same classification number must be grouped together. An example is given in the Appendix. The following information should be shown on the invoice recapitulation:
 - (a) classification number;
 - (b) rate(s) of duty and GST or excise tax treatment;
 - (c) the total price paid or payable for each group of goods included in the shipment. The value of goods shipped on consignment or lease is not to be included in the total price paid or payable of any group; and
 - (d) the rate(s) of exchange and conversion into Canadian funds of the total price paid or payable for each group of goods in the shipment.

12. A separate recap sheet may be prepared for each invoice. However, the recap sheets must be summarized in such a way that the summary can be verified against the accounting documents. Recap sheets must be attached to the CBSA copy of the invoice(s).

13. If invoice data are presented using multiple Form B3 subheaders, a separate recap sheet must be prepared for each subheader.

14. In most instances, the total invoiced amount and the total shown on the recap sheet(s) will agree. Any reason for a difference between recap sheet and invoice totals is to be clearly indicated and acceptable to the CBSA.

15. Invoice/accounting document cross referencing is mandatory for CADEX participants and is an alternative to invoice recapitulation for non-participants in CADEX. On a multiple line accounting document, the cross reference is necessary for each Form B3 classification line. It is not required for single line B3 documents.

16. As part of the transmission process, CADEX participants must transmit the corresponding invoice cross reference data. Non-participants in CADEX are to provide the same information on paper. The invoice cross reference simply shows the relationship between each of the invoice page(s) and lines to the appropriate Form B3 line. The invoice cross reference includes:

- (a) the Form B3 line number;
- (b) the invoice page and line numbers (for CADEX participants in the same order as they were presented to obtain release); and
- (c) the invoice value for each invoice line as it appears on the invoice, i.e., no deductions made for transport or insurance.

Preparation and Presentation of Accounting Documents

17. Importers/owners must account for goods according to section 32 of the *Customs Act* and sections 3 to 6 inclusive of the *Accounting for Imported Goods and Payment of Duties Regulations*.

18. Importing Commercial Goods into Canada is a brochure that has been prepared by the CBSA to provide the basic information needed for completing Form B3. Copies of this brochure are available at CBSA offices. Also available at various locations is a stand-alone system, Commercial Cash Entry Processing System (CCEPS). As well, Memorandum D17-1-10, *Coding of Customs Accounting Documents*, provides detailed instructions on how to complete accounting documents. When claiming the benefits of U.S. Tariff Treatment, importers/owners or agents should refer to the guidelines in Memorandum D11-4-2, *Proof of Origin*, and Memorandum D11-4-14, *Certification of Origin*.

19. It is the responsibility of commercial importers to prepare accounting documents for their importations into Canada. Border services officers can provide commercial importers with information and assistance in completing accounting document packages; however, the actual documents must be completed by the importer/owner or agent. It must also be stressed that border services officers at release points are not responsible for, nor expert in the classification, appraisal, or determination of origin for commercial shipments. Opinions provided at the office of arrival of the goods could subsequently be overturned by CBSA specialists, possibly resulting in a request for additional duties.

20. Importers/owners importing commercial goods must account for these goods at the CBSA office of release by presenting:

- (a) the required copies of the cargo control document (for specific information, refer to the D3 Memoranda series);
- (b) a Form B3 accounting document (for instructions on completion and copy requirements, refer to Memorandum D17-1-10);
- (c) an acceptable invoice as described in Memorandum D1-4-1; and
- (d) all appropriate permits, licences, or certificates.

Note: Document and data requirements for CADEX participants can be found in the CADEX – Participant’s Requirements Document.

21. When goods previously accounted for at one CBSA office arrive in bond at another CBSA office in error, the goods may be released and the cargo control documents cancelled under the following conditions:

- (a) a copy of the accounting document and a copy of the invoice from the original CBSA office are produced; and
- (b) the goods on hand at the second CBSA office are examined and verified against the original accounting document. The invoice should be compared with any serial numbers or identifying marks on the goods.

22. When a copy of the original accounting document is not immediately available, the following procedure may be used:

- (a) the manager at the first CBSA office may send a fax or telegram to the manager at the second office giving a full description of the goods, including quantity, value, any marks and numbers, name of the original CBSA office, transaction number, and date. This message will be sent at the expense of the importer/owner;

(b) the second CBSA office will then examine the goods to confirm the information given in the fax or telegram. The goods may then be released; and

(c) the cargo control document acquitted by the original transaction number and date.

23. When the same shipment is accounted for and duty paid twice at the same or different CBSA offices, the accounting document on which the goods were received and released should stand. The refund claim should be filed against the second accounting document. A copy of the accounting document under which the goods were released should be attached to the refund claim.

24. When the importer/owner requests that a complete shipment be split, with a portion to be released from the CBSA and the remaining portion warehoused in a bonded warehouse, the following steps must be followed:

(a) the importer/owner must present abstract cargo control documents;

(b) the importer/owner must prepare two Forms C11, *Canada Customs Invoice*, one describing the goods to be released from the CBSA and one describing the warehoused goods;

(c) the goods to be released from the CBSA must be accounted for on one Form B3; and

(d) the remaining goods must be put into a bonded warehouse and documented on another Form B3.

25. Where the importer/owner is unable to provide acceptable invoices as described in paragraph 20(c), interim procedures (provisional documentation) must be followed (refer to Memorandum D17-1-13).

Lost or Misplaced Transaction Number Labels

26. Bar-coded transaction number labels should be treated with the same precautions as used for blank cheques. These precautions are necessary to reduce the risk of lost or misplaced labels being used fraudulently by a third party.

27. Importers/agents should notify the CBSA by registered mail immediately upon discovering that their transaction number labels have been misplaced or stolen. The letter should say when and where the transaction number labels were misplaced or stolen, give the total number of misplaced or stolen labels, and their transaction numbers.

28. Such letters are to be addressed to:

Director
Licensing, Export and Accounting Policy Division
Border and Compliance Programs Directorate
Admissibility Branch
Canada Border Services Agency
150 Isabella St., 10th floor
Ottawa ON K1A 0L8

29. If the transaction number of a misplaced or stolen label appears on Form K84, *Importer/Broker Account Statement*, the cash supervisor will delete this transaction from Form K84 provided the importer or agent submits a copy of the registered letter described in paragraph 27.

Rejected Form B3 Documentation

30. The accounting document packages described in this memorandum will be verified at local offices to ensure that they are accurate and complete. Unacceptable documents will be returned to the importer/owner or broker with the reasons for rejection indicated on either a manual Form Y50, *Reject Document Control*, or Form B3-1, *Canada Customs Detailed Coding Statement (DCS)*. Samples of detailed coding statements may be found in Memorandum D17-1-10.

31. Upon receipt of a rejected Form B3 and a DCS or Form Y50, the importer or broker should review the documentation and make the necessary corrections to Form B3.

32. If Form B3 is a rejected type C or D release prior to payment, a complete set of invoices must be attached to the back of Form B3's statistical copy. These invoices replace the ones removed by the CBSA at time of reject.

Raw Leaf Tobacco

33. Duty paid foreign raw leaf tobacco may only be released to a licensed tobacco or cigar manufacturer. When raw leaf tobacco is imported by a licensed tobacco packer, it must be warehoused on Form B3. When the packer and the manufacturer are separate parties, the ownership of the tobacco must be transferred from the licensed tobacco packer to the licensed manufacturer before the manufacturer can present Form B3 ex-warehouse for the raw leaf tobacco.

34. If a shipment of raw leaf tobacco is found to be short-shipped before the initial Form B3 – type 10 is accepted, correct invoices should be prepared showing the actual amount imported. If a shortage is discovered within 60 days of the date of warehousing, a "nil" Form B3 warehouse document may be presented for the quantity short-shipped. However, documentary evidence must be provided indicating the quantity short-shipped was not imported into Canada. Where any quantity of warehoused tobacco is to be transferred to an excise bonded warehouse within the 60 days, the first Form B3 ex-warehouse must account for any shortage. Further information about verified shortages in goods being warehoused may be found in Memorandum D7-4-4, *Customs Bonded Warehouses*.

Excisable Goods

35. Once domestic excisable goods are warehoused in a customs bonded warehouse, they are considered to be exported. Consequently, the return of such goods to a

manufacturer is subject to the provisions of Circular ED 211-2, *Departmental Regulations Respecting the Warehousing of Goods Subject to Excise*. Goods returned from a bonded warehouse to a manufacturer are forwarded under a cargo control document. Form B60, *Excise Duty Entry*, will be used to cancel the warehouse Form B3 at the original CBSA office. The CBSA will date stamp the B60 forms and ensure that a transaction number is shown on all copies.

36. Where domestic excisable goods are to be ex-warehoused for consumption from a customs bonded warehouse, the goods must be transferred back into an excise warehouse. Under no circumstances are excise duties to be collected to allow these goods to be ex-warehoused directly for consumption. Form B3 must be prepared as outlined in Appendix C, Example 20, to Memorandum D17-1-10 to cancel the original Form B3. The goods are to be forwarded under a cargo control document that will then be cancelled by an excise duty entry for warehouse.

Imported Spirits

37. Imported spirits are to be documented on Form C6, *Permission for Special Purposes*, and delivered directly to the distillery to establish the quantity and strength of the spirits.

38. The distiller will receive Form C6 and record the actual quantity of spirits received in litres of absolute alcohol by volume. The distiller must also prepare a customs invoice indicating the actual amount as gauged.

39. The distiller will then prepare Form B3 giving a description of the shipment and the quantity received as recorded on Form C6.

40. Spirits to be ex-warehoused and transferred to excise will be dumped and re-gauged before preparing Form B3.

41. Ex-warehouse accounting documents are to show the following details:

- (a) quantity originally warehoused, as recorded on Form C6;
- (b) quantity transferred to excise at full *Customs Tariff* rate; and
- (c) customs legal allowance according to section 4 of *Abatement of Customs Duties Regulations* (see Memorandum D6-2-5).

42. The customs duty payable on the distiller's gauge amount is remitted on Form B3 under Memorandum D8-2-18, *Imported Spirits for Blending Remission Order*. Additional tariffs may also apply on the distiller's gauge.

43. The distiller will keep one copy of Form C6 as a record. A second copy is to be returned to the CBSA office to ensure that the quantities accounted for agree with the customs invoice and Form C6. A third copy is to be forwarded to the nearest excise office to be used in performing surveillance checks of the distiller's gauge.

Document and Signature Requirements for CBSA Purposes

44. Documents must be completely legible to permit the CBSA to carry out its processing and enforcement functions. Subject to the standards for signature requirements outlined in paragraph 46, carbon copies, photocopied copies, and those copies produced by an electronic facsimile transmission system are acceptable documents for CBSA purposes.

45. Occasionally officers (e.g., border services officers and senior officers Trade Compliance) are unable to complete their review because the submitted documentation is faded or illegible. In these situations, importers/brokers will be asked to re-submit legible copies.

46. Any CBSA document that requires signature is acceptable only if it is:

- (a) an original ink signature;
- (b) an original indelible pencil signature;
- (c) a carbon copy of an original pen and ink or pencil signature;
- (d) a signature reproduced by a rubber stamp impression;
- (e) a signature reproduced by a mechanical device, i.e., in the form of a cheque-writing machine; or
- (f) an electronically produced signature on a document transmitted electronically by use of a facsimile transmission system.

47. In the case of rubber stamp impressions and signatures produced by mechanical devices, their security level should be the same as those afforded to cheque-writing machine die plates under usual good business practices. One senior officer of the company should have the authority to use the stamp or die plates with limited delegation to subordinates.

APPENDIX**INVOICE RECAPITULATION**

Women's and Children's Shoes	6403.59.00.92
	15.9/7
	\$5,000
	<u>20</u>
	\$5,020
U.S. exchange rate 1.15	\$5,773
Men's Shoes	6403.19.00.31
	15.9/7
	\$80
U.S. exchange rate 1.15	\$92



Canada Border
Services Agency
Agence des services
frontaliers du Canada

CANADA CUSTOMS INVOICE
FACTURE DES DOUANES CANADIENNES

Help Aide

Restore - Restaurer

PROTECTED
PROTEGE **B** when completed
une fois rempli

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1. Vendor (name and address) - Vendeur (nom et adresse)		2. Date of direct shipment to Canada - Date d'expédition directe vers le Canada yyyy/mm/dd	
4. Consignee (name and address) - Destinataire (nom et adresse)		3. Other references (include purchaser's order No.) Autres références (inclure le n° de commande de l'acheteur)	
8. Transportation: Give mode and place of direct shipment to Canada Transport: Précisez mode et point d'expédition directe vers le Canada		5. Purchaser's name and address (if other than consignee) Nom et adresse de l'acheteur (s'il diffère du destinataire)	
		6. Country of transshipment - Pays de transbordement	
		7. Country of origin of goods Pays d'origine des marchandises	
		IF SHIPMENT INCLUDES GOODS OF DIFFERENT ORIGINS ENTER ORIGINS AGAINST ITEMS IN 12. SI L'EXPÉDITION COMPREND DES MARCHANDISES D'ORIGINES DIFFÉRENTES, PRÉCISEZ LEUR PROVENANCE EN 12.	
		9. Conditions of sale and terms of payment (i.e. sale, consignment shipment, leased goods, etc.) Conditions de vente et modalités de paiement (p. ex. vente, expédition en consignation, location de marchandises, etc.)	
		10. Currency of settlement - Devises du paiement	
11. Number of packages Nombre de colis	12. Specification of commodities (kind of packages, marks and numbers, general description and characteristics, i.e., grade, quality) Designation des articles (nature des colis, marques et numéros, description générale et caractéristiques, p. ex. classe, qualité)	13. Quantity (state unit) Quantité (précisez l'unité)	Selling price - Prix de vente
			14. Unit price Prix unitaire
			15. Total
18. If any of fields 1 to 17 are included on an attached commercial invoice, check this box Si tout renseignement relativement aux zones 1 à 17 figure sur une ou des factures commerciales ci-attachées, cochez cette case Commercial Invoice No. - N° de la facture commerciale <input type="checkbox"/>		16. Total weight - Poids total	
		Net	
		Gross - Brut	
		17. Invoice total Total de la facture	
19. Exporter's name and address (if other than vendor) Nom et adresse de l'exportateur (s'il diffère du vendeur)		20. Originator (name and address) - Expéditeur d'origine (nom et adresse)	
21. Agency ruling (if applicable) - Décision de l'Agence (s'il y a lieu)		22. If fields 23 to 25 are not applicable, check this box Si les zones 23 à 25 sont sans objet, cochez cette case <input type="checkbox"/>	
23. If included in field 17 indicate amount: Si compris dans le total à la zone 17, précisez : (i) Transportation charges, expenses and insurance from the place of direct shipment to Canada Les frais de transport, dépenses et assurances à partir du point d'expédition directe vers le Canada _____ (ii) Costs for construction, erection and assembly incurred after importation into Canada Les coûts de construction, d'érection et d'assemblage après importation au Canada _____ (iii) Export packing Le coût de l'emballage d'exportation _____		24. If not included in field 17 indicate amount: Si non compris dans le total à la zone 17, précisez : (i) Transportation charges, expenses and insurance to the place of direct shipment to Canada Les frais de transport, dépenses et assurances jusqu'au point d'expédition directe vers le Canada _____ (ii) Amounts for commissions other than buying commissions Les commissions autres que celles versées pour l'achat _____ (iii) Export packing Le coût de l'emballage d'exportation _____	
		25. Check (if applicable): Cochez (s'il y a lieu): (i) Royalty payments or subsequent proceeds are paid or payable by the purchaser Des redevances ou produits ont été ou seront versés par l'acheteur <input type="checkbox"/> (ii) The purchaser has supplied goods or services for use in the production of these goods L'acheteur a fourni des marchandises ou des services pour la production de ces marchandises <input type="checkbox"/>	

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

C11 (08/09)

If you require more space, please attach another sheet. - Si vous avez besoin de plus d'espace, veuillez joindre une autre feuille.

BSF189

REFERENCES

<p>ISSUING OFFICE – Entry, Accounting and Adjustment Policy Licensing Export and Accounting Policy Division</p>	<p>HEADQUARTERS FILE – 7600-3, 7600-6</p>
<p>LEGISLATIVE REFERENCES – <i>Customs Act</i>, sections 8 and 32</p>	<p>OTHER REFERENCES – D1-4-1, D3 series, D6-2-5, D7-4-4, D11-4-2, D11-4-14, D17-1-5, D17-1-10, the <i>Accounting for Imported Goods and Payment of Duties Regulations</i> and Circular ED 211-2</p>
<p>SUPERSEDED MEMORANDA “D” – D17-1-1, April 7, 2000</p>	

Services provided by the Canada Border Services Agency are available in both official languages.

