



Ottawa, October 8, 2008

MEMORANDUM D8-2-6

In Brief

THE *OUTWARD PROCESSING REMISSION ORDER* (*TEXTILES AND APPAREL*) PROGRAM

This memorandum outlines and explains the conditions under which a remission may be granted under the *Outward Processing Remission Order (Textiles and Apparel)*. It is a new memorandum.



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This memorandum outlines and explains the conditions under which a remission may be granted under the *Outward Processing Remission Order (Textiles and Apparel)*.

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subheading 4015.19 or 4015.90 or Chapter 61 or 62 of the List; and

(b) those goods referred to in heading 43.04 of the List that are articles of apparel or clothing accessories. (*vêtements*)

“List” means the List of Tariff Provisions set out in the schedule to the *Customs Tariff*. (*liste*)

“textiles” means

(a) any good referred to in Chapter 50, 51, 52, 53, 54, 55, 56, 58, 59 or 60 of the List;

(b) those goods referred to in subheading 4008.11, 7019.40, 7019.51, 7019.52 or 7019.59 of the List for use in the manufacture of apparel;

(c) woven, knitted or crocheted fabrics, felt or nonwovens, impregnated, coated, covered or laminated with plastics referred to in subheading 3921.12, 3921.13 or 3921.90, or yarn referred to in subheading 7019.19 of the List; and

(d) artificial fur referred to in heading 43.04 of the List. (*textiles*)

“value of the textiles produced in Canada” means the value free on board (FOB) at the place of exit from Canada as declared on the Export Declaration (Form B-13A) prescribed by the Minister of Public Safety and Emergency Preparedness under the *Customs Act*. (*valeur des textiles produits au Canada*)

2. For the purpose of calculating the value for duty of imported materials under paragraph 3(2)(b), imported fibres referred to in headings 50.01 to 50.03, 51.01 to 51.05, 52.01 to 52.03 and 53.01 to 53.05 of the List are not considered as imported materials.

LEGISLATION¹

*OUTWARD PROCESSING REMISSION ORDER
(TEXTILES AND APPAREL) (SOR/2008-138)*

INTERPRETATION

1. The following definitions apply in this Order.

“apparel” means

(a) any good referred to in tariff item No. 3926.20.92, 3926.20.93, 3926.20.94, 3926.20.95 or 3926.20.99,

REMISSION

3. (1) Subject to section 4, remission is granted of the customs duties paid or payable on the importation of apparel produced in a country or territory that is a beneficiary of the General Preferential Tariff in the List of Countries and Applicable Tariff Treatments set out in the schedule to the *Customs Tariff* in whole or in part from textiles produced in Canada and shipped directly to that country or territory from Canada, without undergoing further processing outside that country or territory, and then shipped directly to Canada from that country or territory.

¹ This is not an official version of the legislation. For all purposes of interpreting and applying legislation, consult statutory instruments as registered by the Clerk of the Privy Council and published in the *Canada Gazette*: <http://gazetteducanada.gc.ca>. Updated unofficial versions of statutory instruments are also available on-line at <http://laws.justice.gc.ca>.

(2) For the purposes of subsection (1), if the textiles produced in Canada contain imported materials, remission shall be granted if

(a) the imported materials are sufficiently transformed to undergo a change in tariff classification or to be considered bleached for the purpose of tariff classification; and

(b) the value for duty of the imported materials, determined in accordance with sections 48 to 53 of the *Customs Act*, is less than 50% of the value of the textiles produced in Canada.

(3) Remission is granted in an amount equal to the lesser of

(a) the value of the textiles produced in Canada and incorporated in the imported apparel, and

(b) the customs duties paid or payable on the imported apparel.

CONDITIONS

4. Remission is granted under section 3 on the following conditions:

(a) that no other claim for relief, refund or drawback under the *Customs Tariff* has been, or may be, granted in respect of any customs duties paid or payable with respect to the goods on which the remission is claimed;

(b) that the textiles produced in Canada are exported on or after the day on which this Order comes into force;

(c) that the apparel is imported within two years after the day on which the textiles produced in Canada, which were incorporated in the apparel, are exported;

(d) that 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 the apparel is imported into Canada; and

(e) that the importer provides the Canada Border Services Agency with any evidence or information that demonstrates that the importer is entitled to the remission.

COMING INTO FORCE

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

GUIDELINES AND GENERAL INFORMATION

Background

1. The *Outward Processing Remission Order (Textiles and Apparel)* came into effect on May 1, 2008. This Order

provides for the remission of a portion or all of the customs duties paid or payable on imported apparel produced in certain countries or territories, in whole or in part, using textiles produced in Canada. To obtain a remission, the apparel must be produced in, and shipped directly to Canada from, a country or territory that is a beneficiary of the General Preferential Tariff (GPT). Furthermore, the apparel must be produced in whole or in part from textiles produced in Canada. The apparel in question must be produced in the same country or territory to which the textiles produced in Canada were shipped directly, without undergoing further processing outside that country or territory.

2. This Order only relieves customs duties paid or payable under the *Customs Tariff*. It does not relieve surtaxes or temporary duties levied under the *Customs Tariff* or duties levied under the *Special Import Measures Act* (SIMA) or the Goods and Services Tax/Harmonized Sales Tax (GST/HST).

3. The *Outward Processing Remission Order (Textiles and Apparel)* cannot be used in conjunction with any duties relief provision found under Divisions 2 and 4 of Part 3 of the *Customs Tariff*.

Interpretation

4. For the purposes of this memorandum, the following terms will be interpreted as follows:

“Apparel” means apparel as defined in the Order.

“Textiles” means textiles as defined in the Order.

“Order” means the *Outward Processing Remission Order (Textiles and Apparel)* (SOR/2008-138)

“GPT country” means a country or territory that is a beneficiary of the General Preferential Tariff in the List of Countries and Applicable Tariff Treatments set out in the schedule to the *Customs Tariff*.

“Shipped directly to Canada” means the goods are conveyed to Canada from that other country on a through bill of lading to a consignee in Canada.

“Shipped directly to that country or territory from Canada” means that the Canadian manufactured textile must be shipped directly to the GPT country where the apparel to be imported into Canada will be produced. Transshipment through an intermediate country is acceptable provided that certain conditions similar to those prescribed by section 18 of the *Customs Tariff* and the *Temporary Storage Period Regulations* for goods shipped to Canada are met. The conditions are as follows:

(a) the goods remain under customs transit control in the intermediate country;

(b) the goods do not undergo any operation in the intermediate country other than unloading, reloading or

splitting up of loads, or any other operation required to keep the goods in good condition;

(c) the goods do not enter into trade or consumption in the intermediate country; and

(d) the goods do not remain in temporary storage in the intermediate country for a period exceeding six months.

“Value of the processing” means the cost of the alteration or work done abroad, the value of any assists and the value of any transportation and associated charges incurred prior to, or at the place of, direct shipment of the good to Canada. With regard to owner-supplied materials, that are Canadian-sourced, duty-paid or duty-free, such materials are considered to be “assists” and form part of the value of the processing of the good upon its importation to Canada. The transportation and associated costs of sending the materials to a location outside Canada also form part of the value of the processing calculation.

Remission

5. Remission is granted of the customs duties paid or payable under section 3 of the Order in an amount equal to the lesser of:

(a) the value of the textiles produced in Canada and incorporated in the imported apparel; and

(b) the customs duties paid or payable on the imported apparel.

Example: An apparel item made in a GPT beneficiary in part from textiles produced in Canada is imported into Canada. At time of importation, the value for duty of the item is \$100 and it is classified under a tariff item in the *Customs Tariff* that is subject to a MFN rate of duty of 18%, thus resulting in a customs duty liability of \$18.

Scenario 1: if the value of the textiles produced in Canada that are incorporated into the imported apparel is \$15, the amount of customs duties that could be remitted would be \$15 (i.e., the value of the textiles produced in Canada that are incorporated into the imported apparel).

Scenario 2: if the value of the textiles produced in Canada that is incorporated into the imported apparel is \$30, the amount of customs duties that could be remitted would be \$18 (i.e., the entire customs duty liability on the imported apparel).

6. The amount of remission available is applicable only to the specific importation of apparel that was produced from the textile exported and does not establish any form of transferable credit to any other importation.

7. The value of Canadian produced materials or inputs other than the textiles defined in the Order does not contribute to the amount of remission available on the apparel imported. For example, slide fasteners (zippers) are classified in heading 96.07 of the HS so they do not qualify as a “textile” for purposes of this Order. Their incorporation into imported apparel does not qualify the apparel for remission nor does their value contribute to amount of remission available.

8. The remission is applied against the duties otherwise paid or payable. Applicant may consider claiming the most beneficial tariff treatment available in calculating the duties otherwise paid or payable. If the tariff classification has a GPT rate assigned, that rate may be the most beneficial available; however, other beneficial rates may be available under other trade agreements (e.g., Canada-Costa Rica Free Trade Agreement (CCRFTA)). Note that the rules of origin with respect to any preferential tariff treatment must be met. Additional information on Rules of Origin for preferential tariff treatments can be found in D11-4 Series of customs memoranda. In cases where the goods do not qualify for a preferential rate, or a preferential rate is not claimed by the importer, or there is no preferential rate available for the tariff item declared, the Most Favoured Nation (MFN) rate will apply for purposes of calculating the duties otherwise payable which will be reduced by the amount of remission available.

GST Treatment of Apparel

9. The provisions of the *Excise Tax Act* apply in determining the amount of GST/HST payable on the imported apparel. This order does not provide any specific remission or relief from GST/HST.

10. In some circumstances the *Value of Imported Goods (GST/HST) Regulations* may apply in respect to the calculation of the GST/HST.

11. If the conditions of section 13 of the *Value of Imported Goods (GST/HST) Regulations* are met, GST/HST is only payable on the value of the processing. Generally, this treatment is conditional on the last importation of the good (i) not having been based on a reduced value; (ii) not having been made on a non-taxable basis; and (iii) not having given rise to an imported goods rebate for the tax on the importation. The good must also not have been supplied prior to its re-importation without GST having applied to that supply as a result of the supply being made outside Canada or being a zero-rated supply for export. Also, the recipient of that supply must not have been entitled to a non-resident rebate in respect of the supply. The application of tax on the reduced value for tax applies when the goods are exported for processing, including adjustment, alteration, assembly, maintenance, manufacture, production, modification, overhaul, packaging, repackaging, repair or testing of the goods.

12. When section 13 of the *Value of Imported Goods (GST/HST) Regulations* applies, the regulations require the importer to present acceptable proof of export and an invoice containing a complete description of the foreign processing and the cost of the processing.

13. Questions regarding the *Value of Imported Goods (GST/HST) Regulations* should be referred to the Canada Revenue Agency contact identified in paragraph 39.

Documentation

14. The Form B13A *Export Declaration* completed and submitted to the CBSA at the time the textile is exported must indicate the country of final destination. The Order only applies to apparel that is manufactured from textiles exported on or after May 1, 2008.

15. The importation of the apparel is to be accounted on a *Canada Customs Coding Form*, Form B3-3.

16. As provided for under section 55 of the *Customs Act*, the value for duty of imported goods must be computed in Canadian dollars.

17. Depending on the GST/HST treatment of the apparel, the entry may be one line format or two. In both cases the subheader information is the same.

Subheader (Fields 10 to 19 of the Form B3-3):

(a) The country of origin of the apparel (Field 12) must be a GPT country and must be the same as the country of final destination identified in field 5 on the B13A Export Declaration for the textiles produced in Canada.

(b) The tariff treatment code (Field 14) should be completed with the code for the tariff treatment claimed, for example, code 09 (GPT) if the importer is claiming the benefit of General Preferential Tariff. As noted in paragraph 8, other preferential tariff treatments may be claimed if their specific rules of origin are met. In cases where no other preferential tariff treatment is claimed, tariff treatment code 02 (MFN) will be shown in Field 14.

18. Where the apparel is fully taxable for the purposes of the GST/HST a single classification line is sufficient as follows:

(a) The tariff classification of the apparel (field 27) must come under the chapters, headings, subheadings or tariff items found in the definition of “apparel” in section 1 of the Order.

(b) The Special Authority code (field 26) indicates 08-0815A0000.

(c) The value for duty (field 37) and the value for tax (field 41) of the apparel must be determined in accordance with sections 48 to 53 of the *Customs Act*.

(d) The amount of customs duties owing against this line is either the difference between the customs duties otherwise owing on the apparel and the value of the textiles produced in Canada (scenario 1) or zero (scenario 2). This amount must be calculated by the importer and inserted into field 38.

Examples:

Scenario 1: A knit blouse made in a GPT country in part from textiles produced in Canada is imported into Canada. At the time of importation, the value of the knit blouse is \$100 and it is classified in the *Customs Tariff* under tariff item No. 6106.20.00 and subject to an MFN rate of duty of 18 %, resulting in a customs duty liability of \$18. The value of the textiles produced in Canada that are incorporated into the knit blouse is \$15. The amount of customs duties that could be remitted is \$15 so the amount of customs duties owing is \$3.

1st line:

The majority of the fields are self-explanatory. Field 26: 08-0815A0000, Field 27: 6106.20.00, Field 35: 5.0%, Field 36/37: \$100, Field 38: \$3. The amount collected against this line will be \$8.15 (\$3 customs duties + \$5.15 GST).

Scenario 2: Identical to previous example except that the value of the textiles produced in Canada incorporated into the knit blouse is \$30. The amount of customs duties that could be remitted would be \$18.

1st line:

The majority of the fields are self-explanatory. Field 26: 08-0815A0000, Field 27: 6106.20.00, Field 35: 5.0%, Field 36/37: \$100, Field 38: \$0. The amount collected against this line is \$5 (\$0 customs duties and \$5 GST).

19. Where the apparel is entitled to the provisions of Section 13 of the *Value of Imported Goods (GST/HST) Regulations* a two line entry format is required as follows:

– 1st line:

The tariff classification of the apparel must come under the chapters, headings, subheadings or tariff items found in the definition of “apparel” in section 1 of the Order.

- The Special Authority code (field 26) should indicate 08-0815A0000.
- GST/HST Tax Status Code 50 appears as the “Rate of GST” field (field 35)
- The amount of customs duties owing against this line is either the difference between the customs duties otherwise owing on the apparel and the value of the textiles produced in Canada (scenario 1) or zero (scenario 2). This amount must be calculated by the importer and inserted into field 38.

– **2nd line:**

The tariff classification of the apparel is the same as on the 1st line.

- The Special Authority field (26) should indicate 08-0815B0000.
- The value for duty (field 37) and the value for tax (field 41) is the value of the processing done in the GPT country. The amount of customs duties collected on the 1st line must also be included in the value for tax (field 41).

Examples

Scenario 1: Identical to previous example except that the apparel is entitled to the provisions of Section 13 of the *Value of Imported Goods (GST/HST) Regulations*. The value of the textiles produced in Canada that are incorporated into the knit blouse is \$15. The amount of customs duties that could be remitted is \$15 so the amount of customs duties owing is \$3.

1st line: The majority of the fields are self-explanatory. Field 26: 08-0815A0000, Field 27: 6106.20.00, Field 35: 50, Field 36/37: \$100, Field 38: \$3. The amount collected against this line will be \$3.

2nd line: Field 26: 08-0815B0000, Field 27: 6106.20.00, Field 36/37: \$85 (\$100-\$15). Field 41: \$88 (\$85 + \$3). The amount collected against this line will be \$4.40 (5% of \$88).

Scenario 2: Identical to previous example except that the value of the textiles produced in Canada incorporated into the knit blouse is \$30. The amount of customs duties that could be remitted would be \$18.

1st line: The majority of the fields are self-explanatory. Field 26: 08-0815A0000, Field 27: 6106.20.00, Field 35: 50, Field 36/37: \$100, Field 38: \$0. The amount collected against this line is \$0.

2nd line: Field 26: 08-0815B0000 Field 27: 6106.20.00 Field 36/37: \$70 (\$100-\$30). Field 41: \$70. The amount collected against this line is \$3.50.

20. If the remission is not claimed and the full customs duties payable under the *Customs Tariff* are paid at the time of accounting, remission may be obtained in the form of a refund. *Canada Customs – Adjustment Request*, Form B2 is used to claim the refund. The authority for the refund is section 115 of the *Customs Tariff* with reference to the Order.

21. On the Form B2, the “as accounted” line is copied from the Form B3-3. The “as claimed” lines are completed as directed in paragraphs 17-19 above.

Records and Proof

22. The *Customs Act* sets out obligations for importers and exporters to keep records. For more information with

respect to records keeping, consult Memorandum D17-1-21, *Maintenance of Records and Books in Canada by Importers*, and Memorandum D20-1-5, *Maintenance of Records in Canada by Exporters and Producers*.

23. In the event of a verification, proof, satisfactory to the Minister of Public Safety and Emergency Preparedness, will be required with respect to the following:

- (a) the textiles meet the conditions set out in the Order;
- (b) the value for export of the textiles exported from Canada;
- (c) the textiles exported from Canada were shipped directly to the country where the apparel was manufactured;
- (d) the textiles produced in Canada are incorporated into the imported apparel;
- (e) the apparel did not undergo any processing outside the GPT country from which the apparel is shipped directly;
- (f) direct shipment of the apparel to Canada; and
- (g) the value for duty of the apparel imported into Canada.

Proof That the Textiles Meet the Conditions set out in the Order

24. If the textiles produced in Canada contain imported materials, there are two conditions that must be met to claim the benefits of this Order:

- (a) The imported materials must be sufficiently transformed to undergo a change in tariff classification at the 4, 6 or 8 digit level or to be considered bleached for the purpose of tariff classification, and
- (b) The value for duty of the imported materials, determined in accordance with sections 48 to 53 of the *Customs Act*, must be less than 50% of the value of the textiles produced in Canada.

25. As per section 2 of the Order, imported fibres of headings 50.01 to 50.03, 51.01 to 51.05, 52.01 to 52.03 and 53.01 to 53.05 in the schedule to the *Customs Tariff* are not to be considered imported materials. The value of these imported fibres is therefore not included in calculating the percentage of imported materials that make up the value of the textiles produced in Canada.

26. The value for duty of other imported materials, including dyes and bleach, used to make textiles in Canada must be included in calculating the percentage of imported materials that make up the value of the exported textiles produced in Canada. For example, if the exporter of the textiles is a fabric finisher who has purchased, from a Canadian supplier, fabric that may have been produced

using foreign yarns, the exporter must provide a written declaration from the fabric supplier regarding the Canadian content of the fabric. If the supplier declares that the value of the foreign yarns is less than 50% of the value of the unfinished fabric, the fabric will, generally, be considered “produced in Canada” for the purpose of the Order.

27. In cases where a Canadian supplier can only declare a “range” of Canadian value content (for example, due to production variances) only the lower declared Canadian value content may be used.

28. A change in tariff classification at the 4, 6 or 8 digit level is not required for an imported material considered bleached for the purpose of tariff classification. Both the imported yarns or fabrics and the bleached yarns or fabrics are classified under the same heading, which is not divided into subheadings or tariff items. Bleached yarns or fabrics are sometimes referred to as “dyed white” yarns or fabrics in the textile industry. The value for duty of the imported yarn or fabric must still make up less than 50% of the value for duty of the exported textiles produced in Canada.

29. Applicants who are not the manufacturer or exporter of the textiles are responsible for providing the necessary documentation from the manufacturer or exporter of the textiles.

Proof of Export, Value, and Direct Shipment of the Textiles

30. The only acceptable proof of export of the textiles is the Form B13A-*Export Declaration*. Applicants claiming the benefit of this Order are not required to submit the supporting Form(s) B13A-*Export Declaration* at the time of importation to claim the benefits of this Order, but they should be prepared to make them available if requested to do so by an officer.

31. The Form B13A will generally provide acceptable proof of the FOB value of the Canadian produced textiles that were exported. Transportation charges up to the place of exit from Canada may be included in the FOB value. Transportation charges from the place of exit from Canada to the GPT country where the apparel is to be manufactured are not included in the FOB value and, as such, cannot be used in the calculation of the amount of remission.

32. The Form B13A will also usually substantiate the condition of direct shipment to the country or territory where the apparel is produced. However, particularly in the case of transshipment and temporary storage of the goods, additional shipping documents such as bills of lading, insurance documentation, and documentation relating to the warehousing, storage, cartage, loading, offloading or transfer of the goods may be required to establish that the textiles were shipped directly from Canada to the GPT country where the apparel is produced.

Proof That the Apparel Incorporates the Textiles Produced in Canada

33. Generally, a signed declaration by the manufacturer of the apparel that the apparel incorporates the textiles produced in Canada is an acceptable proof. The signed declaration must include the address of the manufacturer of the apparel located in a country or territory that is a beneficiary of the GPT, as well as the address of any other manufacturer located in that country or territory that is involved in processing the textiles produced in Canada since their exportation from Canada.

34. The importer may consider obtaining a sample of the Canadian produced textile, properly identified and certified by the Canadian textile producer to be the textile that was exported for use in the manufacture of the apparel, for comparison purposes against the imported apparel. This may aid the importer should there be any difficulty in obtaining a declaration by the manufacturer of the apparel or where there is any dispute regarding the manufacturer’s declaration.

35. In the event of verification, the conversion factors set out in Schedule 3.1.3 of Annex 300-B of the North American Free Trade Agreement (NAFTA) will be used as guidelines in assessing the relationship between the quantities of textiles exported from Canada and the units of apparel imported into Canada.

Examples: Women’s and girls’ cotton knit shirts and blouses, made in a GPT beneficiary from textiles produced in Canada, are imported into Canada. According to category 339 in Schedule 3.1.3 of NAFTA Annex 300-B, it takes 6 square metres of textile to produce one dozen cotton knit shirts and blouses. Similarly, men’s and boys’ man-made fibre trousers, made in a GPT beneficiary from textiles produced in Canada, are imported into Canada. According to category 647 in Schedule 3.1.3, 14.90 square metres of textile are needed to produce one dozen trousers.

Proof of Direct Shipment of the Apparel

36. The importer must also be prepared to provide proof of direct shipment from the GPT country where the apparel is manufactured to a consignee in Canada. Transshipment is accepted if it is on a through bill of lading to a consignee in Canada.

Proof of the Value for Duty of the Apparel Imported Into Canada

37. Commercial invoices must contain a complete description of the foreign processing, including the cost and location of the processing. As the total value shown on the invoice will include the export value of the textiles

produced in Canada, the invoice must be sufficiently detailed to enable a CBSA compliance verification officer to confirm the value of processing.

Additional Information

38. The following Appendices have been included for ease of reference:

Appendix A

Text of applicable Harmonized System (HS) headings, subheadings and tariff items for “Apparel”

Appendix B

Text of applicable Harmonized System (HS) headings, subheadings and tariff items for “Textiles”

Appendix C

Additional Legislative References

Value of Imported Goods (GST/HST) Regulations

Customs Tariff – sections 17 and 18

Direct Shipment of Goods Regulations

Temporary Storage Period Regulations

The reader is advised that these are not the official version of the legislation. For all purposes of interpreting and applying legislation, consult statutory instruments as registered by the Clerk of the Privy Council and published in the *Canada Gazette*:

<http://gazetteducanada.gc.ca>. Updated unofficial versions of statutory instruments are also available on-line at **<http://laws.justice.gc.ca>**.

39. Any question regarding the GST/HST should be directed to:

Manager
Border Issues Unit
General Operations and Border Issues Division
Excise GST/HST Rulings Directorate
Legislative Policy and Regulatory Affairs Branch
Canada Revenue Agency
Place de Ville, Tower “A”, 15th Floor
320 Queen St.
Ottawa ON K1A 0L5

40. Any questions regarding the HS tariff classification of the qualifying textiles or their input component fibres or of the HS classification of qualifying imported apparel should be directed to:

Textiles, Apparel and Primary Products Unit
Tariff Policy Division
Trade Programs Directorate
Admissibility Branch
Canada Border Services Agency
4th floor, 150 Isabella Street
Ottawa ON K1A 0L8

Telephone: 613-954-6908
Facsimile: 613-952-3971

41. Any other questions regarding this memorandum should be directed to:

Manager
Trade Incentives and Refunds Unit
Tariff Policy Division
Trade Programs Directorate
Admissibility Branch
Canada Border Services Agency
4th floor, 150 Isabella Street
Ottawa ON K1A 0L8

Telephone: 613-954-6878
Facsimile: 613-952-3971

APPENDIX A²**TEXT OF APPLICABLE HARMONIZED SYSTEM (HS) HEADINGS,
SUBHEADINGS AND TARIFF ITEMS FOR “APPAREL”**

“Apparel” means

- (a) any good referred to in tariff item No. 3926.20.92, 3926.20.93, 3926.20.94, 3926.20.95, or 3926.20.99, subheading 4015.19 or 4015.90 or Chapter 61 or 62 of the List:
- (b) those goods referred to in heading 43.04 of the List that are articles of apparel or clothing accessories:

Chapter 39 Plastics and Articles Thereof

- 39.26 Other articles of plastics and articles of other materials of headings 39.01 to 39.14.
- 3926.20 - Articles of apparel and clothing accessories (including gloves, mittens and mitts)
- 3926.20.92 ---- Mittens;
Non-disposable gloves
- 3926.20.93 ---- Belts;
Articles of apparel and other clothing accessories, containing not more than 25% by weight of woven fabrics of man-made fibres, coated on both sides with polymers of vinyl chloride
- 3926.20.94 ---- Other articles of apparel and clothing accessories, of plastics combined with knitted or woven fabrics, bolducs, nonwovens or felt, containing woven fabrics of more than 50% by weight of silk
- 3926.20.95 ---- Other articles of apparel and clothing accessories, of plastics combined with knitted or woven fabrics, bolducs, nonwovens or felt
- 3926.20.99 ---- Other

Chapter 40 Rubber and Articles Thereof

- 40.15 Articles of apparel and clothing accessories (including gloves, mittens and mitts), for all purposes, of vulcanized rubber other than hard rubber.
- Gloves, mittens and mitts:
- 4015.19 -- Other (than surgical)
- 4015.19.10 --- Protective gloves to be employed with protective suits in a noxious atmosphere
- 4015.19.90 --- Other
- 4015.90 - Other
- 4015.90.10 --- Protective suits and parts thereof, to be employed in a noxious atmosphere
- 4015.90.20 --- Diving suits
- 4015.90.90 --- Other

Chapter 43 Furskins and Artificial Fur; Manufactures Thereof

- 43.04 Artificial fur and articles thereof.

² This is not an official version of the legislation. For all purposes of interpreting and applying legislation, consult statutory instruments as registered by the Clerk of the Privy Council and published in the *Canada Gazette*: <http://gazetteducanada.gc.ca>. Updated unofficial versions of statutory instruments are also available on-line at <http://laws.justice.gc.ca>.

Chapter 61 Articles Of Apparel And Clothing Accessories, Knitted Or Crocheted:

- 61.01 Men's or boys' overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles, knitted or crocheted, other than those of heading 61.03.
- 61.02 Women's or girls' overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles, knitted or crocheted, other than those of heading 61.04.
- 61.03 Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (other than swimwear), knitted or crocheted.
- 61.04 Women's or girls' suits, ensembles, jackets and blazers, dresses, skirts, divided skirts, trousers, bib and brace overalls, breeches and shorts (other than swimwear), knitted or crocheted.
- 61.05 Men's or boys' shirts, knitted or crocheted.
- 61.06 Women's or girls' blouses, shirts and shirt-blouses, knitted or crocheted.
- 61.07 Men's or boys' underpants, briefs, nightshirts, pyjamas, bathrobes, dressing gowns and similar articles, knitted or crocheted.
- 61.08 Women's or girls' slips, petticoats, briefs, panties, nightdresses, pyjamas, négligés, bathrobes, dressing gowns and similar articles, knitted or crocheted.
- 61.09 T-shirts, singlets and other vests, knitted or crocheted.
- 61.10 Jerseys, pullovers, cardigans, waistcoats and similar articles, knitted or crocheted.
- 61.11 Babies' garments and clothing accessories, knitted or crocheted.
- 61.12 Track suits, ski suits and swimwear, knitted or crocheted.
- 61.13 Garments, made up of knitted or crocheted fabrics of heading 59.03, 59.06 or 59.07.
- 61.14 Other garments, knitted or crocheted.
- 61.15 Panty hose, tights, stockings, socks and other hosiery, including graduated compression hosiery (for example, stockings for varicose veins) and footwear without applied soles, knitted or crocheted.
- 61.16 Gloves, mittens and mitts, knitted or crocheted.
- 61.17 Other made up clothing accessories, knitted or crocheted; knitted or crocheted parts of garments or of clothing accessories.

Chapter 62 Articles of Apparel and Clothing Accessories, Not Knitted or Crocheted:

- 62.01 Men's or boys' overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles, other than those of heading 62.03.
- 62.02 Women's or girls' overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles, other than those of heading 62.04.
- 62.03 Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (other than swimwear).
- 62.04 Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace overalls, breeches and shorts (other than swimwear).
- 62.05 Men's or boys' shirts.
- 62.06 Women's or girls' blouses, shirts and shirt-blouses.
- 62.07 articles.
- 62.08 Women's or girls' singlets and other vests, slips, petticoats, briefs, panties, nightdresses, pyjamas, négligés, bathrobes, dressing gowns and similar articles.
- 62.09 Babies' garments and clothing accessories.
- 62.10 Garments, made up of fabrics of heading 56.02, 56.03, 59.03, 59.06 or 59.07.

- 62.11 Track suits, ski suits and swimwear; other garments.
- 62.12 Brassières, girdles, corsets, braces, suspenders, garters and similar articles and parts thereof, whether or not knitted or crocheted.
- 62.13 Handkerchiefs.
- 62.14 Shawls, scarves, mufflers, mantillas, veils and the like.
- 62.15 Ties, bow ties and cravats.
- 62.16 Gloves, mittens and mitts.
- 62.17 Other made up clothing accessories; parts of garments or of clothing accessories, other than those of heading 62.12;

APPENDIX B³**TEXT OF APPLICABLE HARMONIZED SYSTEM (HS) HEADINGS,
SUBHEADINGS AND TARIFF ITEMS FOR “TEXTILES”****1. “Textiles” means:****(a) any good referred to in Chapter 50, 51, 52, 53, 54, 55, 56, 58, 59 or 60 of the List:**

- Chapter 50 Silk
- Chapter 51 Wool, Fine or Coarse Animal Hair; Horsehair Yarn and Woven Fabric
- Chapter 52 Cotton
- Chapter 53 Other Vegetable Textile Fibres; Paper Yarn and Woven Fabrics of Paper Yarn
- Chapter 54 Man-Made Filaments; Strip and the Like of Man-Made Textile Materials
- Chapter 55 Man-Made Staple Fibres
- Chapter 56 Wadding, Felt and Nonwovens; Special Yarns; Twine, Cordage, Ropes and Cables and Articles Thereof
- Chapter 58 Special Woven Fabrics; Tufted Textile Fabrics; Lace; Tapestries; Trimmings; Embroidery
- Chapter 59 Impregnated, Coated, Covered or Laminated Textile Fabrics; Textile Articles of a Kind Suitable for Industrial Use
- Chapter 60 Knitted or Crocheted Fabrics;

(b) those goods referred to in subheading 4008.11, 7019.40, 7019.51, 7019.52 or 7019.59 of the List for use in the manufacture of apparel:

- 40.08 Plates, sheets, strip, rods and profile shapes, of vulcanized rubber other than hard rubber.
- Of cellular rubber:
- 4008.11 -- Plates, sheets and strip
- 70.19 Glass fibres (including glass wool) and articles thereof (for example, yarn, woven fabrics).
- 7019.40 - Woven fabrics of rovings
- Other woven fabrics:
- 7019.51 -- Of a width not exceeding 30 cm
- 7019.52 -- Of a width exceeding 30 cm, plain weave, weighing less than 250 g/m², of filaments measuring per single yarn not more than 136 tex
- 7019.59 -- Other;

(c) woven, knitted or crocheted fabrics, felt or nonwovens, impregnated, coated, covered or laminated with plastics referred to in subheading 3921.12, 3921.13 or 3921.90, or yarn referred to in subheading 7019.19 of the List:

- 39.21 Other plates, sheets, film, foil and strip, of plastics.
- 3921.12 -- Of polymers of vinyl chloride
- 3921.13 -- Of polyurethanes
- 3921.90 -Other
- 70.19 Glass fibres (including glass wool) and articles thereof (for example, yarn, woven fabrics).
- 7019.90 – Other;

³ This is not an official version of the legislation. For all purposes of interpreting and applying legislation, consult statutory instruments as registered by the Clerk of the Privy Council and published in the *Canada Gazette*: <http://gazetteducanada.gc.ca>. Updated unofficial versions of statutory instruments are also available on-line at <http://laws.justice.gc.ca>.

and

(d) artificial fur referred to in heading 43.04 of the List:

4304.00.00.00 Artificial fur and articles thereof.

2. For the purpose of calculating the value for duty of imported materials under paragraph 3 (2)(b), imported fibres referred to in headings 50.01 to 50.03, 51.01 to 51.05, 52.01 to 52.03 and 53.01 to 53.05 of the List are not considered as imported materials:

Chapter 50 Silk

50.01 Silk-worm cocoons suitable for reeling.

50.02 Raw silk (not thrown).

50.03 Silk waste (including cocoons unsuitable for reeling, yarn waste and garnetted stock).

Chapter 51 Wool, Fine or Coarse Animal Hair; Horsehair Yarn and Woven Fabric

51.01 Wool, not carded or combed.

51.02 Fine or coarse animal hair, not carded or combed.

51.03 Waste of wool or of fine or coarse animal hair, including yarn waste but excluding garnetted stock.

51.04 Garnetted stock of wool or of fine or coarse animal hair.

51.05 Wool and fine or coarse animal hair, carded or combed (including combed wool in fragments).

Chapter 52 Cotton

52.01 Cotton, not carded or combed.

52.02 Cotton waste (including yarn waste and garnetted stock).

52.03 Cotton, carded or combed.

Chapter 53 Other Vegetable Textile Fibres; Paper Yarn and Woven Fabrics of Paper Yarn.

53.01 Flax, raw or processed but not spun; flax tow and waste (including yarn waste and garnetted stock).

53.02 True hemp (*Cannabis sativa L.*), raw or processed but not spun; tow and waste of true hemp (including yarn waste and garnetted stock).

53.03 Jute and other textile bast fibres (excluding flax, true hemp and ramie), raw or processed but not spun; tow and waste of these fibres (including yarn waste and garnetted stock).

53.05 Coconut, abaca (Manila hemp or *Musa textilis Nee*), ramie and other vegetable textile fibres, not elsewhere specified or included, raw or processed but not spun; tow, noils and waste of these fibres (including yarn waste and garnetted stock).

APPENDIX C⁴

ADDITIONAL LEGISLATIVE REFERENCES

Relevant excerpts from the: *Value of Imported Goods (GST/HST) Regulations (SOR/91-30)*:

2. (1) In these Regulations,

“process”, in respect of any goods, includes the adjustment, alteration, assembly, maintenance, manufacture, production, modification, overhaul, packaging, repackaging, repair or testing of the goods;

13. For the purpose of subsection 215(2) of the Act, if

(a) goods (referred to in this section as “exported goods”) have been exported for the purpose of processing them,

(b) goods (referred to in this section as “processed goods”) are imported for the first time after that processing and are accompanied by evidence satisfactory to the Minister that they are the exported goods in their processed state or that they incorporate the exported goods,

(c) the exported goods were not last imported in circumstances

(i) in which tax, calculated on a value determined under these Regulations (other than this section and sections 8 and 12), was payable,

(ii) in which the goods were prescribed goods under a provision of the Non-Taxable Imported Goods (GST/HST) Regulations, other than paragraphs 3(j) and (k),

(iii) in which a person was entitled under section 215.1 of the Act to claim a rebate in respect of the goods, or

(iv) if the goods were last imported before 1991, in which either

(A) tax under Part VI of the Act was not payable on the goods, or

(B) relief from the payment of, or a refund or remission of, that tax was provided,

on the condition that the goods be exported within a certain period, and

(d) where a supply has been made of the exported goods or the processed goods

(i) outside Canada,

(ii) to a recipient entitled under section 252 of the Act to claim a rebate in respect of the supply, or

(iii) in circumstances in which the supply was included in Part V of Schedule VI to the Act,

the processed goods are not being imported for the first time after that supply was made,

the value of the processed goods shall be determined by the formula $A + B$

where

A is the value of the processing, including the value of any goods that were added to the exported goods, and

B is the remaining duties payable in respect of the processed goods.

⁴ This is not an official version of the legislation. For all purposes of interpreting and applying legislation, consult statutory instruments as registered by the Clerk of the Privy Council and published in the *Canada Gazette*: <http://gazetteducanada.gc.ca>. Updated unofficial versions of statutory instruments are also available on-line at <http://laws.justice.gc.ca>.

Relevant excerpts from the: *Customs Tariff*

Direct shipment

17. (1) For the purposes of this Act, goods are shipped directly to Canada from another country when the goods are conveyed to Canada from that other country on a through bill of lading to a consignee in Canada.

Regulations

17. (2) The Governor in Council may, on the recommendation of the Minister, make regulations deeming goods that were not conveyed to Canada from another country on a through bill of lading to a consignee in Canada to have been shipped directly to Canada from that other country, subject to such conditions as may be set out in the regulations.

Transshipment

18. (1) Notwithstanding section 17, for the purposes of this Act, if goods that are exported to Canada from a country have been transhipped in an intermediate country, the goods are deemed not to have been shipped directly to Canada from the first-mentioned country if

- (a) the goods do not remain under customs transit control in the intermediate country;
- (b) the goods undergo an operation in the intermediate country other than unloading, reloading or splitting up of loads, or any other operation required to keep the goods in good condition;
- (c) the goods enter into trade or consumption in the intermediate country; or
- (d) the goods remain in temporary storage, under any conditions as may be prescribed, in the intermediate country for a period exceeding the prescribed period.

Regulations

18. (2) The Governor in Council, on the recommendation of the Minister of Public Safety and Emergency Preparedness, may make regulations prescribing conditions and a period for the purposes of paragraph (1)(d).

Relevant excerpts from the: *Direct Shipment Of Goods Regulations (SOR/86-876)*:

2. (1) For the purposes of section 54 of the *Customs Act*, where goods are exported to Canada from any country but pass in transit through another country, the goods shall be deemed to be shipped directly to Canada from the first mentioned country on condition that the journey of the goods from that country to Canada is uninterrupted and the importer of the goods complies with section 3.

(2) For the purposes of subsection (1), the transfer of goods from one carrier to another carrier is not an interruption of the journey of the goods to Canada.

3. (1) Subject to subsection (2), the importer of any goods referred to in subsection 2(1) shall, where an officer so requests, submit the original bill of lading for the goods, or a certified copy thereof, to the officer.

(2) Where the original bill of lading for the goods, or a certified copy thereof, is not available, the importer of the goods shall, where an officer so requests, provide the officer with such other information or documents as are available to the importer for the purpose of enabling the officer to determine the country of export of the goods.

Relevant excerpt from the: *Temporary Storage Period Regulations (SOR/88-79)*:

2. For the purposes of paragraph 18(1)(d) of the *Customs Tariff*, where goods are exported to Canada from any country but are transhipped in any intermediate country, the goods shall be deemed not to have been shipped directly to Canada from the first mentioned country if the goods remain in temporary storage in the intermediate country for a period exceeding six months.

REFERENCES

<p>ISSUING OFFICE –</p> <p>Trade Incentives and Refunds Unit Tariff Policy Division Trade Programs Branch</p>	<p>HEADQUARTERS FILE –</p> <p>EAQ 6564-2/832</p>
<p>LEGISLATIVE REFERENCES –</p> <p><i>Outward Processing Remission Order (Textiles and Apparel)</i> <i>Value of Imported Goods (GST/HST) Regulations</i> <i>Customs Tariff</i> <i>Direct Shipment of Goods Regulations</i> <i>Temporary Storage Period Regulations</i> <i>Valuation for Duty Regulations</i> <i>Customs Act</i></p>	<p>OTHER REFERENCES –</p>
<p>SUPERSEDED MEMORANDA “D” –</p> <p>N/A</p>	

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

