



# Memorandum D4-2-1

Ottawa, October 23, 2015

## Ships' Stores

### In Brief

1. This memorandum has been revised to reflect changes to the Canada Border Services Agency's organizational structure.
2. Memorandum D4-2-1 has been amended to reflect the new First Port of Arrival (FPOA) procedures implemented at all 10 Cruise Ship Operations (CSO).

This memorandum outlines and explains the procedures for the delivery of ships' stores to ships and aircraft, and the conditions governing the issue and securing or sealing of ships' stores.

## Guidelines and General Information

### Reporting of Ships' Stores

1. The [Form E1 - Ship Stores Declaration](#), properly certified, and the [Form BSF552 - Crew's Effects Declaration](#), or their counterpart on the documentation of another country, shall be filed with the Canada Border Services Agency (CBSA). Such forms shall be submitted in triplicate in English or French each time a ship engaged in international trade reports inward from a foreign country. While CBSA will not always board a vessel at time of arrival, a ship's compliance with CBSA laws may be verified at any time.
2. The original of [Form E1](#) and [Form BSF552](#) is filed with the inward report of the ship; the second and third copies are left with the master. When stores are issued or additional stores delivered, a notation to this effect is made on the reverse side of the second and third copies of the Form E1 held by the master. These copies remain with the master until the ship clears directly for a foreign port, at which time the second copies of both forms shall be submitted to CBSA and filed with the outward report.
3. When a ship reporting inward has no cargo, the inward report shall clearly state whether the ship is in ballast or in ballast with ships' stores.
4. CBSA shall permit ships agents a period of twenty-four hours from the time the outward report is filed in which to present the duplicate copies of [Form E1](#) and [Form BSF552](#).

### Ship Stores Declaration, Form E1

5. [Form E1](#), completed in triplicate, is used to list ships' stores. A boarding CBSA officer may examine form E1 for completeness. Any quantity of stores not allowed for consumption while in port will be placed in a secure area. Sealing may be required. When ships' stores are delivered to a ship, the quantities and the seal numbers, if applicable, are recorded on the reverse side of Form E1. Similarly, when issues are made, the quantities issued are recorded on the reverse of Form E1.
6. A reasonable quantity of liquor and tobacco products may be left unsecured or unsealed for the personal use of the master or senior ships officers. These quantities are to be recorded on [Form E1](#). A reasonable quantity is defined in the [Ships' Stores Regulations](#).

7. Goods for sale or distribution to members of the crew and not to be landed shall be secured or sealed in the same manner as ships' stores and remain secured or sealed until the ship clears for a foreign destination. These goods shall be listed on a separate sheet in triplicate by the Master or other authorized ship's officer and the sheet attached to [Form E1](#). The location of the goods shall be noted on Form E1.
8. Duty paid goods may be delivered as ships' stores may be eligible for a refund or drawback under the provisions of [Memorandum D7-4-2, Duty Drawback Program](#). When such stores are delivered to a ship, a copy of [Form K36A, Ships Stores Declaration and Clearance Certificate](#), is retained by the master and filed with [Form E1](#) and [Form BSF552](#).
9. Occasionally, foreign ships may carry animals as a supply of fresh meat; these animals shall be listed on [Form E1](#). These animals shall not be removed from the ship while in Canada.

### ***Crew's Effects Declaration, Form BSF552***

10. [Form BSF552](#), completed in triplicate, is used to show quantities of tobacco products and alcoholic beverages in possession of officers and crew as well as non-duty paid items such as televisions, radios, cameras, pets, etc. While such items may be kept in possession of the crew members, quantities of alcoholic beverages and tobacco products exceeding the quantity limitations set out in [Memorandum D2-1-1, Temporary Importation of Baggage and Conveyances by Non-residents](#) shall be secured or sealed.
11. Pets belonging to crew members shall be listed by species on [Form BSF552](#) opposite the name of the individual owner. These pets shall not be removed from the ship while in Canada.
12. A crew member may bring personal items ashore without producing evidence that each article is duty paid, but a check of these articles may be conducted prior to the departure of the ship to ensure their exportation. Items declared on [Form BSF552](#) which are subsequently duty paid are deleted from the list, and the date and number of the relevant accounting document (Form B15, *Casual Goods Accounting Document*) are noted on Form BSF552.
13. When crew members sign off a ship in a Canadian port, any goods in their possession are subject to accounting in the normal manner. Returning Canadians may claim residents' or returning former residents' privileges and foreign crew members may apply for either temporary importation or settler's effects privileges. For additional information on Settler's effects, please consult [Memorandum D2-2-1, Settlers' Effects – Tariff Item No. 9807.00.00](#).

### **Delivery and Issuance of Ships' Stores**

14. At CBSA offices not operating on a shift schedule, CBSA approval for the delivery of ships' stores is restricted to the period of the regular office hours of the port. In unforeseen circumstances CBSA may, upon written application, authorize the delivery or issuance of ships' stores beyond these hours subject to the provisions of [Memorandum D1-2-1, Special Services](#).
15. The attendance of a CBSA officer may be required when cigarettes, cigars, tobacco, wine, spirits and narcotics are laden on board a ship as ships' stores. It is the responsibility of the vendor, Chandler, or transportation company to make any necessary arrangements with CBSA in order to have the services of a CBSA officer approve delivery, and to verify the quantities, sign the accounting document and place the goods under seal, if required. These arrangements should be made no less than 24 hours before the service is required.
16. Normally, narcotics as medical stores are held in the ship's safe under the direct control of the master or ship's doctor. The quantity of narcotics and the location of the safe must be noted on [Form E1](#).
17. The master or other authorized ship's officer may release a reasonable quantity of tobacco products and spirits for the immediate use of the officers and crew. The quantities issued shall be listed on [Form E1](#). Normally, such issues are made on a weekly basis.
18. Supplies of wine used as a table beverage need not be secured or placed under seal. [Form E1](#) shall indicate the quantity of such wine on board and the location of the bottles, storage tanks or barrels.
19. Supplies of beer and ale need not be secured or placed under seal when the ship is departing on a foreign voyage directly from the port of lading. When a ship is to call at another Canadian port on the outward voyage,

only 8.2 litres (288 ounces) for each crew member may remain unsecured or unsealed. Appropriate notations should be made on [Form E1](#), to indicate the quantities laden on board and the portion left unsecured or unsealed.

20. The declaration and receipt forms on the reverse side of the, [Form B60, Excise Duty Entry](#), shall be properly completed when excisable goods are delivered as ships' stores.

21. Ships' stores paint may be released to a ship's crew or, in the case of a dry docked ship, to the shipyard for painting of the ship. The quantity of paint released shall be noted on [Form E1](#) as it is removed for use.

## International Waters

22. Any ship carrying secured ships' stores or stores under seal and sailing from one Canadian port to another may issue stores in international waters, provided the ship is not participating in the coasting trade of Canada. Under international treaty, the Great Lakes, excluding tributary waters, are international waters.

23. When a ship intends to call at a non-CBSA port after reporting outward, a reasonable quantity of stores may be issued for the period preceding the actual departure from the non-CBSA port. Remaining ships' stores shall be secured or sealed.

24. Stores may be checked at each port of call of a ship engaged in international trade.

## First Port of Arrival Cruise Ship Clearance

25. Under the procedures contained in this document, cruise ships that arrive at their First Port of Arrival (FPOA) in Canada at one of the designated [Cruise Ship Operations \(CSO\)](#) locations will be **fully** cleared by the CBSA. As no further clearance will be required, passengers can disembark and embark more quickly and efficiently at subsequent Canadian ports of call.

26. From an operational perspective, the most noticeable change will be that all passengers and crew will be cleared at the FPOA, including clearance for any subsequent crew changes during the voyage in Canada; therefore, all passengers and crew must be prepared to make their full declaration at the FPOA. The other change of note is the collection of any duty and taxes on duty-free sales at the final port of disembarkation in Canada.

## Duty-free Shops

27. Duty-free shops must be closed and locked while the ship is in port. Appropriate signs must be placed on all shop entrances indicating that they are closed and off-limits. A letter requesting permission to work in duty-free shops (e.g., stocking, inventory) while the ship is in port should be submitted to the CBSA at the beginning of the cruise ship season. This letter, suitably endorsed by the CBSA, will act as permission to conduct incidental work in duty-free shops while in port for the entire season.

## Duty-free Sales After FPOA

28. Once the ship departs the FPOA, the ship may re-open the duty-free stores and make items available for purchase to passengers. **All purchases made after the FPOA that will remain in Canada will be subject to duty and taxes.**

29. To ensure that all duty and taxes are collected on duty free store purchases, the information on all sales will be sent to a predetermined 24/7 CBSA operation. This information is normally sent when the shops close for the final time in their voyage and prepare their customers' accounts. The cruise line is required to submit the information to CBSA at least eight hours prior to their arrival at the Canadian port of final disembarkation.

30. The CBSA will review the details of the sales and calculate the duty and taxes owing. A list of the passengers that need to be interviewed will be prepared and sent to the CBSA office of final disembarkation and to the cruise line.

## Collection of Duties and Taxes at the Last Port of Disembarkation

31. All passengers and crew must declare duty-free purchases on their [E311 declaration card](#) declaration card at the FPOA. CBSA officers will review the declaration cards collected from the travellers by the Purser and refer

anyone deemed necessary to appear for further processing. All goods that do not fall under travellers' personal exemptions or duty-free allowances will be subject to full duty and taxes. CBSA officers will complete a Form B15, *Casual Goods Accounting Document* for the goods as required and provide the client with a stamped copy. **Note:** Cost recovery agreements may be necessary if the final port of disembarkation is not a designated [CSO](#).

## Fishing Ships

32. When a fishing vessel cannot hold enough petroleum products to remain at sea for five days or in the case of carrying tobacco products and spirits, to remain at sea for ten days, ships' stores shall not be granted.

33. When a fishing ship reports outward for fishing for ten days or more, but returns before the lapse of ten days, the balance of the stores remaining on board shall be secured or sealed and credited to the next fishing trip of ten days or more.

34. Under the provisions of [Memorandum D7-4-2, Duty Drawback Program](#), diesel fuel supplied to fishing ships operating under CBSA clearance may be eligible for a drawback.

35. The master or owner of a fishing ship taking delivery of diesel fuel shall furnish the supplier with the following certificate:

“The undersigned, Master or owner of the (....) being a Canadian fishing ship and operating under CBSA clearance issued at (....) on (.... 20..), hereby certifies that the quantity of diesel fuel stated herein has been received aboard for use in the said ship in commercial fishing outside Canada and for no other purpose.”

## Master/Owner

36. Fishing ship masters are permitted to report at the beginning and end of the fishing season. Masters residing in remote areas may report by mail. When any ship has been supplied with ships' stores, other than diesel fuel, inward and outward reports must be completed in the regular manner.

37. Canadian manufactured and imported beer or ale may be substituted for spirits or wines supplied to fishing ships. This substitution is limited to 8.2 litres (288 ounces) of beer or ale for each 1.1 litres (40 ounces) of spirits or wines allowed.

## Inland Waters Ships

38. A ship engaged in trade between ports on the Great Lakes — St. Lawrence River system west of the Anticosti Island lines described in section 2 of the [Customs Act](#) is entitled to stores unless both ports are on the minor waters section, that is, between Kingston, Ontario and Pointe-au-Père, Québec.

## Ocean Ships

39. An ocean ship engaged exclusively in international trade is entitled to stores under Item I of the Schedule of the [Ships' Stores Regulations](#) if proceeding from an ocean port outside Canada to a Canadian or United States port on the Great Lakes, even though the ship may travel between Canadian ports during the journey. Similarly, an ocean ship reporting outward from a Great Lakes port to an ocean port outside Canada via another Canadian port is entitled to the stores listed in Item I of the Schedule of the *Ships' Stores Regulations*.

40. Ships' equipment may be placed on board these ships with drawbacks permitted on domestic goods in accordance with [Memorandum D7-4-2, Duty Drawback Program](#). When in bond goods arrive for such a ship, the cargo control document is cancelled by the outward report of the ship.

## Diversions to Coasting Trade

41. Stores on board or placed on board a ship authorized to make a single trip in the coasting trade lasting not more than five days are not subject to duties (with the exception of alcoholic beverages and tobacco products). When such voyages are to last in excess of five days, payment of duties on consumable stores is required at time of coastwise clearance. The drawback provisions of [Memorandum D7-4-2, Duty Drawback Program](#) apply to quantities not consumed at time of clearance to a foreign port.

42. In lieu of the procedure outlined in paragraph 43 of this memorandum, and at the discretion of the shipping company concerned, the following procedure may be adopted:

- (a) An inventory of all consumable stores on board is taken. Security is deposited with CBSA in an amount not less than the duties ordinarily payable. The security deposited may be in the form of cash or certified cheque.
- (b) Upon completion of the coasting trade voyage, a second inventory is taken and duties are to be paid on stores consumed.

### **Procedure for Handling Ships' Stores Ex-warehouse**

43. For delivery to a ship, when the warehouse and the ship are in the same port, a [Form B3-3, Canada Customs Coding Form](#), ex-warehouse, are prepared in sufficient copies to permit two copies of each form to accompany the stores from the bonded warehouse to the ship. In some cases, [Form B6D](#), ship's stores declarations may be stamped and attached to Form B3-3. The stores shall be transported by bonded carrier or by private vehicle under CBSA convoy, subject to the provisions of [Memorandum D1-2-1, Special Services](#). The transaction is concluded with the securing or sealing of the ships' stores and the completion of the certificate on both sets of copies. One copy is returned to complete CBSA records, and the other is filed with the outward report of the ship.

44. For delivery to a ship, when the ship is not in the same port as the warehouse:

- (a) Documentation described in paragraph 43 of this memorandum is prepared in sufficient copies to permit two copies to be delivered to the port at which the ship is berthed. The stores shall be transported by a common carrier under bond or private vehicle under CBSA convoy, subject to the provisions of [Memorandum D1-2-1, Special Services](#).
- (b) At the second port, the carrier shall contact CBSA for approval to deliver to the ship. CBSA may require the sealing of the stores on board the ship. Each copy shall be signed and date stamped by a CBSA officer. A copy is retained for filing with the outward report of the ship and another copy is returned to the issuing CBSA office for filing with its copy of the [Form B3-3](#) for-warehouse. When immediate delivery is not taken, the stores may remain in a sufferance warehouse for 40 days. At the end of that time, they may be recorded as "unclaimed" and handled accordingly. Alternatively, the stores may be placed in a bonded warehouse prior to the expiry of the 40 day period. In these circumstances, a copy of the Form B3-3 for-warehouse is to be returned to the issuing office for filing with its copy of Form B3-3 type 22 ex-warehouse for ships' stores.

### **Procedure for Handling Ships' Stores Dispatched From a Foreign Country**

45. In bond stores dispatched from a foreign country for delivery to a ship at a Canadian port may go forward from the CBSA point of reporting by bonded carrier under a cargo control document [A8A, In Bond - Cargo Control Document](#).

46. On arrival at destination, the bonded carrier shall report directly to CBSA. If the ship is in port at the time of arrival of the stores, CBSA may authorize the bonded carrier to deliver directly to the ship unless the stores are to be sealed. The master or other authorized ship's officer accepting delivery will acknowledge receipt of the stores by signing the [A8A Form](#) and indicating his title and date of lading. The stores shall be listed on the outward report of the ship by the transportation company concerned. The cargo control document may be cancelled by reference to either the outward report number or the name of the ship and the voyage number.

47. If the ship is not in port at the time, the stores may be held in a sufferance warehouse for a period up to 40 days. If not exported within the 40 day period, the stores may be entered for bonded warehouse. Alternatively, the stores may be taken to account immediately on a consumption accounting document, subject to the drawback provisions of [Memorandum D7-4-2, Duty Drawback Program](#).

48. If the ship to which the stores are consigned does not arrive at the port where the stores are held in sufferance or bonded warehouse, CBSA may permit the stores to be re-forwarded to the vessel by bonded carrier under an [A8A Form](#).

## Direct Delivery of Ships' Stores From an Excise Bonding Warehouse

49. A [Form B60, Excise Duty Entry](#), for excisable goods ex-warehoused for ships' stores shall be completed and the stores shall be described thereon in accordance with [Excise Duty Memorandum 9.3.1](#).
50. For bonding purposes, the delivery of any excisable goods as ships' stores is considered exportation in bond under the Excise licensee's general bond. Such goods shall be transported in the same manner as excisable goods exported or removed from warehouse.
51. When stores subject to excise duty have been forwarded from a place other than the ship's port of departure, the procedure governing goods for export will apply in accordance with [Excise Duty Memorandum 9.3.1](#). Two copies of [Form B60](#) shall be delivered to CBSA at the port where the ship's clearance is to be issued.
52. The master or agent taking delivery of the stores shall complete the declaration on the copies of [Form B60](#). CBSA shall complete the certificate on the same copies.
53. The CBSA office issuing the ship's clearance shall forward one completed copy of the [Form B60](#) to the shipping licensee to authorize him to cancel his bond obligation.

## Delivery From an Excise Bonding Warehouse to a CBSA Bonded Warehouse

54. Goods subject to excise duty may be removed in bond from any Excise bonding warehouse to a customs bonded warehouse for storage and subsequent delivery, as authorized by subsection 58(2) of the [Excise Act](#).
55. Such goods are forwarded on [Form B60](#), in accordance with [Excise Duty Memorandum 9.3.1](#).
56. The portion of the entry designated "Re-warehoused by Consignee" shall be completed by the operator (licensee) of the customs bonded warehouse who assumes full responsibility for the quantities shown on the [Form B60](#). When a shortage exists upon delivery, the warehouse operator shall immediately contact CBSA to report the discrepancy. Full particulars of the discrepancy shall be recorded on the Form B60 and signed by the examining CBSA officer.
57. A completed copy of the [Form B60](#) bearing the notation "Warehoused on Customs accounting document [Form B3-3](#) No. ..." is forwarded to the shipping licensee.
58. Such goods are removed from warehouse on [Form B3-3](#) Type 22 ex-warehouse for Ships' Stores.
59. Excise duty paid domestic beer may be removed from a brewery to a bonded warehouse for ships' stores. Beer deposited in the warehouse is considered as technically exported for excise duty refund purposes, and may not be returned to the brewer.
60. The warehouse operator shall give a receipt for the beer and complete the declaration as shown on all copies of the excise duty entry. The signature of a CBSA officer is not required on the excise duty entry since the warehouse operator assumes full responsibility for the quantities warehoused.
61. Since, under the provisions of section 173 of the [Excise Act](#), only a brewer is eligible for refund of excise duty collected upon beer exported, entries for ships' stores and refund claims shall be made by the brewer as provided for in [ED 212-7 Guidelines for Brewery Operation - Credit Entitlements](#).

## Procedure for Handling Ships' Stores for International Aircraft

62. These instructions apply to commercial airlines and their commissary agents who have received permission from CBSA to supply their own bar-box seals. The term "bar-box" means the securable boxes or compartments into which stores are placed on international flights.
63. Alcoholic beverages, tobacco products and imported goods for sale or free distribution on board international aircraft may be stored in a bonded warehouse.
64. Ships' stores received from suppliers shall be documented on [Form B3-3](#), type 10, in-warehouse.

65. Companies operating under this procedure shall maintain inventory records, approved by the CBSA which report the actual goods in warehouse in either of the following manners:

- (a) fully detailed warehouse records which show all warehoused goods by individual commodity and by size or brand within each commodity recorded; or
- (b) commodities grouped as follows:
  - (i) spirits or liqueur — miniatures and bottles,
  - (ii) wines and champagne — splits and bottles,
  - (iii) beer — tins or bottles,
  - (iv) cigarettes — packages,
  - (v) other items for sale or free distribution on board aircraft — by individual commodity,
  - (vi) minor changes in inventory format such as the introduction of a column for Sherry/Dubonnet are acceptable, provided they do not alter the basic concept of the procedure.

66. Stores issued to bar-boxes destined for international flights shall be documented on a pre-numbered, CBSA approved, bar report form printed and completed by the airline. At least one copy of each report shall stay on file at the warehouse pending presentation of the weekly accounting specified in paragraph 69 of this memorandum. At least two copies of the report shall be placed in the bar-box and the bar-box sealed in the usual manner before leaving the warehouse.

67. Stores not consumed during an international flight may be re-warehoused after being documented as incoming stores on one copy of the bar report contained in the bar-box. Partially empty bottles being returned in these bars shall be counted as full bottles, entered on the applicable bar report, and placed with other bottles of that brand. If there is already a sufficiently depleted bottle of that brand on hand, the bottle shall not be entered on a bar report but is to be poured into the part bottle on hand.

68. No less frequently than once per week the warehouse operator shall present [Form B3-3](#) ex-warehouse to account for all items issued to bars minus the items returned in partially depleted bars, during the preceding seven days.

69. Each [Form B3-3](#) ex-warehouse shall be supported by:

- (a) a daily recap of all bar reports covering outgoing bars;
- (b) a daily recap of all bar reports covering partially depleted incoming bars; and
- (c) a weekly inventory report.

70. The individual bar reports, both incoming and outbound, must remain on file at the warehouse operator's office for a period of not less than three years and be available for audit by CBSA during this period.

71. Any shortage or overage must be recorded on the warehouse-keeper's daily inventory record the same days as discovered. Once each week and no later than the first business day following the presentation of the accounting specified in paragraph 69 of this memorandum, the warehouse operator shall present [Form B3-3](#) ex-warehouse covering all shortages and [Form B3-3](#) for-warehouse to account for all overages preceding seven days. When the overage or shortage of alcoholic beverages is less than 750 millilitres (25 ounces), the overage or shortage shall be carried over to the next week's business on the inventory report form.

72. When a company elects to use the inventory system outlined in paragraph 65(b) of this memorandum, any shortage shall be considered to be a shortage of the largest volume, highest value article in that inventory item.

73. Removal of ships' stores from a bonded warehouse for consumption in Canada may be allowed, provided the warehouse operator has obtained the written approval of the appropriate provincial liquor authority, and paid any applicable duties prior to removal. Bar-boxes destined for domestic flights shall be prepared from duty paid goods.

74. Bar-boxes made up in locations other than the airport from which an international flight is to originate are not required to be documented other than with the usual bar make-up sheet contained in the bar-box. The bar-boxes shall be sealed immediately following make-up.

### Sealing Requirements for International Aircraft

75. As required by the [Memorandum D3-1-1, Policy Respecting the Importation and Transportation of Goods](#) seals shall be intact when bars are moved:

- (a) from a bonded warehouse to an international aircraft preparing for departure;
- (b) from an international aircraft terminating a flight to a bonded warehouse.

76. When an international aircraft is on the ground, bar-boxes on board shall be sealed. However, seals on bar-boxes containing alcoholic beverages to be served to passengers may be broken when passengers begin boarding an aircraft departing directly on an international flight. These bar-boxes may also remain unsealed on international flights that are progressively boarded or cleared at more than one international airport in Canada, provided no domestic passengers are carried.

### Penalty Information

77. Unlawful removal of ships' stores from a bonded warehouse will incur penalties as provided for in [Memorandum D7-4-4, Customs Bonded Warehouses](#). All other instances of non-compliance may result in seizure or forfeiture or both.

### Additional Information

78. For more information, within Canada call the Border Information Service at **1-800-461-9999**. From outside Canada call 204-983-3500 or 506-636-5064. Long distance charges will apply. Agents are available Monday to Friday (08:00 – 16:00 local time / except holidays). TTY is also available within Canada: **1-866-335-3237**.

<b>References</b>	
<b>Issuing Office</b>	Trade and Anti-dumping Programs Directorate
<b>Headquarters File</b>	7770-3, 7770-3-1
<b>Legislative References</b>	<a href="#">Financial Administration Act</a> <a href="#">Excise Act</a> <a href="#">Customs Act</a> <a href="#">Canada Shipping Act, 2001</a> <a href="#">Excise Tax Act</a> <a href="#">Ships' Stores Regulations</a>
<b>Other References</b>	<a href="#">D1-2-1</a> , <a href="#">D2-1-1</a> , <a href="#">D3-1-1</a> , <a href="#">D4-1-2</a> , <a href="#">D7-4-4</a> Forms <a href="#">A8A</a> , <a href="#">B3-3</a> , <a href="#">B6D</a> , <a href="#">B60</a> , <a href="#">BSF552</a> , <a href="#">E1</a> , <a href="#">E311</a> , <a href="#">K36A</a> <a href="#">ED 212-7</a> , <a href="#">EDM 9.3.1</a> ,
<b>Superseded Memorandum D</b>	D4-2-1 dated January 1, 1991 D4-2-0 dated February 14, 1996