



## Memorandum D6-2-4

Ottawa, November 30, 2015

### Value for Duty of Defective Parts or Articles Removed From Equipment and Returned to the Supplier for Credit

#### In Brief

The editing revisions made in this memorandum do not affect or change any of the existing policies or procedures.

This memorandum explains the Canada Border Services Agency's policy regarding the value for duty of defective parts, or articles removed from equipment and returned to the foreign supplier for credit.

#### Legislation

[Customs Act](#) – Sections 49 to 53 and 79

#### Guidelines and General Information

1. Imported equipment that is found to include a defective part or article that is removed and returned to the foreign supplier for credit is entitled to a partial refund of the duty assessed on the equipment at the time it was imported.
2. The basis for calculating the amount of duties to be refunded is the value of the defective part or article at the trade level in which it was incorporated into the finished good. The value is to be established in accordance with the valuation methodologies identified in sections 49 to 53 of the [Customs Act](#). Additional information on the applicable method of determining the value for duty can be found in [Memorandum D13-3-1, Methods of Determining Value for Duty](#).
3. Where the value of the equipment or article that is removed from the good cannot be easily determined, at the trade level in which it was incorporated into the finished good, in accordance with section 79 of the [Customs Act](#), the CBSA will accept a value based on 50% of the current value of a replacement part or article.
4. The value for duty of an imported replacement part or article is the basis for any applicable duty assessment on that part or article, calculated in accordance with the applicable tariff provision in Canada's [Customs Tariff](#).
5. 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>	6561-0
<b>Legislative References</b>	<a href="#"><u>Customs Act</u></a>
<b>Other References</b>	<a href="#"><u>D13-3-1</u></a>
<b>Superseded Memorandum D</b>	D6-2-4 dated January 15, 1999