



Memorandum D8-2-27

Ottawa, September 7, 2016

Canadian Goods, Originating in Canada or Accounted for, Temporarily Exported and Returned

In Brief

This memorandum explains the administration and requirements for customs duty relief under tariff item Nos. 9813.00.00 and 9814.00.00. It also provides information regarding relief of the goods and services tax/harmonized sales tax for eligible goods.

This memorandum provides information regarding the eligibility of temporarily exported goods to be returned to Canada under tariff item Nos. 9813.00.00 or 9814.00.00. It also contains information regarding the goods and services tax/harmonized sales tax (GST/HST) treatment for eligible goods.

Legislation

Subsection 12 (3.1) of the [Customs Act](#)

Tariff item Nos. 9813.00.00 and 9814.00.00 of the Schedule to the [Customs Tariff](#)

Notes 1, 2 and 4 to Chapter 98 of the Schedule to the [Customs Tariff](#)

Section 7 of the [Accounting for Imported Goods and Payment of Duties Regulations](#)

Subsection 5(1) (in part) of the [Reporting of Imported Goods Regulations](#)

Guidelines and General Information

1. All goods entering Canada, even those which were previously exported from Canada, are considered to be imported goods. Section 12 of the [Customs Act](#) specifies that “the return of goods to Canada after they are taken out of Canada is an importation of those goods.” Such goods are to be reported at the nearest open Canada Border Services Agency (CBSA) office.
2. Two provisions which may provide customs duty relief to goods exported from Canada and subsequently returned to Canada are tariff item Nos. 9813.00.00 and 9814.00.00 of the Schedule to the [Customs Tariff](#). This memorandum outlines the administrative procedures and legislative and regulatory requirements for the importation of goods under those tariff items.
3. This memorandum also provides information regarding the goods and services tax/harmonized sales tax (GST/HST) for goods which are eligible for return to Canada under tariff item Nos. 9813.00.00 or 9814.00.00. As well, any reference to GST is to be read as including HST where applicable.
4. Goods which were repaired, altered or further manufactured/processed while they were outside Canada are not eligible for customs duty relief under tariff item Nos. 9813.00.00 or 9814.00.00 when they are returned to Canada. Such goods may be eligible for preferential tariff relief under tariff item Nos. 9971.00.00 or 9992.00.00 or the Canadian Goods Abroad Program (CGAP). See Memoranda [D8-2-1, Canadian Goods Abroad Program](#), [D8-2-10, Goods Returning to Canada Having Been Repaired Outside of Canada](#), [D8-2-11, Goods Returning to Canada After Being Altered or Worked on Outside Canada](#), [D8-2-25, Canadian Vessels Repaired or Altered in the](#)

[United States, Mexico, Chile, Israel or Another CIFTA Beneficiary, Colombia, Costa Rica, Peru, Jordan, Panama, Iceland, Liechtenstein, Switzerland or Norway](#) and [D8-2-26, Goods Returned After Repair or Alteration in the United States, Mexico, Chile, Israel or Another CIFTA Beneficiary, Colombia, Costa Rica, Peru, Jordan or Panama](#).

5. Goods which were subjected to working or processing, including additions, while outside Canada may be eligible for partial relief under the CGAP. For further information, see Memoranda [D8-2-1, Canadian Goods Abroad Program](#), and [D8-2 11, Goods Returning to Canada After Being Altered or Worked on Outside Canada](#).
6. Conveyances which have undergone an emergency repair while outside Canada may be eligible for relief under the CGAP. See [Memorandum D8-2-4, Canadian Goods Abroad Program – Emergency Repairs](#).
7. Goods which were imported into a Customs Bonded Warehouse and then exported are not duty and tax paid goods and are not eligible for customs duty relief under tariff item Nos. 9813.00.00 or 9814.00.00 should they be returned to Canada. For further information, see [Memorandum D7-4-4, Customs Bonded Warehouses](#).
8. Goods which were imported under the Duties Relief Program (i.e., for further manufacturing and subsequent export) and goods which otherwise were exported and received a drawback or refund of customs duties are also not eligible for customs duty relief under tariff item Nos. 9813.00.00 and 9814.00.00. See Memoranda [D7-2-3, Obsolete or Surplus Goods](#), [D7-3-2, Exported Motor Vehicles Drawback](#), [D7-4-1, Duties Relief Program](#), [D7-4-2, Duty Drawback Program](#), and [D7-4-3, NAFTA Requirements for the Duty Drawback and the Duties Relief Programs](#).
9. These guidelines and procedures do not apply to conveyances or cargo containers of heading 98.01. See Memoranda [D3-1-5, International Commercial Transportation](#), [D3-6-0, Railway Rolling Stock, Railway Locomotives and Miscellaneous Railway Equipment Temporarily Imported for Use in International Service and/or Diverted to Domestic Use](#), and [D3-7-1, CBSA Marine Operations – Cargo Containers Used in International Service](#).

Tariff Item Nos. 9813.00.00 and 9814.00.00

10. Goods that meet the requirements of and are classified under either tariff item No. 9813.00.00 or 9814.00.00 may be imported customs duty free. Such goods must also meet all applicable other government department (OGD) requirements. These goods are also subject to normal inspection procedures.
11. Goods of tariff item No. 9813.00.00 must originate in Canada. For the purposes of this memorandum, a good originates in Canada when the good is
 - (a) a mineral extracted in Canada;
 - (b) a vegetable or other good harvested in Canada;
 - (c) a live animal born and raised in Canada;
 - (d) a good obtained from hunting, trapping or fishing in in Canada;
 - (e) fish, shellfish or other marine life taken from the sea by a vessel registered or recorded with Canada and flying a Canadian flag;
 - (f) a good produced on board a factory ship from a good referred to in paragraph (e), where the factory ship is registered or recorded in Canada and flies a Canadian flag;
 - (g) a good taken by Canada or someone representing Canada from or beneath the seabed outside the territorial waters of Canada, where Canada has the right to exploit that seabed; or
 - (h) a good produced in Canada exclusively from a good referred to in any of paragraphs (a) through (g), or from the derivatives of such a good, at any stage of production.
12. Goods of tariff item No. 9814.00.00 are those which were previously, wholly or partially, imported into Canada, and were released and accounted for under section 32 of the [Customs Act](#).

13. Exported goods which are subsequently presented for importation under tariff item No. 9813.00.00 or 9814.00.00 must be returned to Canada:

- (a) without having been advanced in value or improved in condition by any process of manufacture or other means, and
- (b) without having been combined with any other article while they were outside Canada.

14. If the returning good has been subject to such advances, improvements or combinings, including repairs, they are not eligible under these provisions. See paragraphs 4 through 6 of this memorandum.

15. Importation under these tariff items is also contingent upon repayment of any duties, that were remitted or relieved (for example, by refund or drawback) when the goods were exported from Canada. If duties, including GST/HST, were refunded or relieved, in full or in part, when the goods were exported, these duties must be repaid before the goods are eligible under either of these tariff provisions.

16. If the goods were sold or manufactured in Canada such that they received duty or tax relief based on the condition that they be exported, duties and taxes must be paid before such goods may be classified under these provisions.

17. When such imported goods are subject to duties and/or taxes, the importer has the option to repay the full amount of refund or relief previously allowed or they may pay the duties and/or taxes on the appraised value of the imported goods under the Chapter 1-97 classification provisions of the [Customs Tariff](#).

GST/HST Information

18. Goods that are eligible for customs duty relief under tariff item Nos. 9813.00.00 or 9814.00.00 may or may not be eligible for GST/HST relief. Eligibility for GST/HST relief must be determined separately and subsequent to the determination of eligibility under the tariff item.

19. Relief for GST/HST is primarily through the [Excise Tax Act](#) (ETA) and its regulations and remission orders. Section 213 of the ETA provides that no GST/HST is payable under Division III in respect of goods included in Schedule VII (Non-taxable Importations) or the regulations made under that Schedule. Accordingly, the [Non-taxable Imported Goods \(GST/HST\) Regulations](#) provides for the granting of relief from GST/HST on importations of goods of tariff item Nos. 9813.00.00 or 9814.00.00 under certain circumstances.

20. Generally, where goods were either not subject to the GST/HST or the GST/HST paid was returned on the premise that the goods were acquired for use outside Canada the goods are considered a “tax-relieved supply”. The term “tax-relieved supply” in the [Non-taxable Imported Goods \(GST/HST\) Regulations](#) commonly means a supply of goods in respect of which the GST/HST is relieved in some manner; generally because:

- (a) the supply was made outside Canada, by way of sale or lease, license or similar arrangement;
- (b) the goods were exported;
- (c) the person was entitled under any Act of Parliament to obtain a rebate, refund or remission of the tax because the goods were exported; or
- (d) the tax payable was calculated on a value determined under the [Value of Imported Goods \(GST/HST\) Regulations](#).

21. For the scenarios outlined above, the goods have either not been subject to the full GST/HST or, in the case of sub-paragraph 20(c), the GST/HST paid was eligible to be returned on the premise that the goods were acquired for use outside Canada and, consequently, outside the scope of the GST/HST. Accordingly, the GST/HST will be applied to such goods at time of importation, even if the goods would qualify under tariff item Nos. 9813.00.00 or 9814.00.00 for customs duty relief.

22. If the goods were obtained by the importer outside Canada by way of sale, lease/rent, licence or similar arrangement, and they are being imported for the first time after that transaction, then they are not eligible for GST/HST relief. Such goods meet the provisions of paragraphs 142(2)(a) and (b) to the ETA as the supply or sale of the goods is considered to have taken place outside Canada and the supply was not, therefore, subject to GST as

a domestic supply. Therefore, even if the goods being imported are exactly the same as those that were exported and they are eligible for customs duty relief under tariff item Nos. 9813.00.00 or 9814.00.00, they are not eligible for GST/HST relief when they are returned to Canada as they are a tax-relieved supply and the goods would be subject to full GST/HST based on the valuation provisions contained in Sections 45 through 55 of the [Customs Act](#). This is applicable to both commercial importations as well as non-commercial/personal goods. Examples of non-commercial goods would be DVDs/movies rented from a U.S. company or a Canadian registered vehicle purchased from another Canadian while on vacation. A commercial example would be a Canadian company that sells goods to a non-resident and agrees to deliver the goods to the non-resident outside Canada — the Canadian company would not be required to charge GST/HST on the invoice for the goods because they have been supplied outside Canada. If the new owner/lessee imports the goods at a later date, then the goods would be subject to GST/HST at the time of importation.

23. Commonly, goods acquired in Canada or that were imported, and GST/HST was applied to that acquisition or importation, which have been exported and are being returned to Canada without repair, alteration, processing, etc., are permitted to return to Canada without incurring any additional tax application. However, if there was a sale or transfer of ownership, lease, etc. outside Canada of those goods, tax is applicable when the goods are returned to Canada.

24. An exception is made in the case of goods which were supplied outside Canada in accordance with the example in paragraph 22, but the sale becomes voided. That is, the Canadian supplier makes a sale, delivers the goods to the purchaser outside Canada and it is subsequently determined that the sale is cancelled (e.g. the goods are defective or not as ordered). When these goods are returned to Canada, if the Canadian supplier is the importer of record for customs purposes, then no tax will be applied as the goods are being returned to the original supplier in Canada.

25. Goods which were sold in Canada and exported, and which meet the terms and conditions under Part V of Schedule VI to the [ETA](#) are zero-rated, that is, a tax rate of zero is assessed on the sale of the goods. For example, a Canadian company sells goods to another company outside Canada. When making the sale, the Canadian company maintains documentation which shows that the goods were exported and, consequently, the Canadian company is able to zero-rate the sale. If these same goods are imported by the purchaser or a recipient at some later date, then the goods would be subject to GST at the time of importation.

26. Section 252 of the [ETA](#) provides for a rebate of the amount of GST paid on commercial goods which have been purchased in Canada by a non-resident who then exports the goods from Canada. If such goods are returned to Canada for use, supply or consumption, tax will be applied as if the goods had been originally acquired for use, supply or consumption in Canada.

27. For additional information regarding the supply of goods outside Canada and the applicability of GST/HST to the circumstances in paragraph 18 through 26 above, please contact:

Manager, Goods Unit
 General Operations and Border Issues Division
 Excise and GST/HST Rulings Directorate
 Legislative Policy and Regulatory Affairs Branch
 Canada Revenue Agency
 Place de Ville, Tower "A"
 320 Queen Street
 Ottawa ON K1A 0L5

Facsimile: 613-990-1233
 Telephone: 613-954-4397

Drawback or Refund Issued for Goods Being Returned

28. When an importer/owner knows or believes that a customs duty drawback or refund has been allowed or was eligible on goods being returned to Canada the importer/owner should provide any documentary evidence of the amount of that drawback or refund if they wish to repay that amount for the goods to be eligible for customs duty relief under tariff item Nos. 9813.00.00 or 9814.00.00 (e.g., [Form K32, Drawback Claim](#) or

[Form K36B, Certificate for Use of Claimants in Applying for Drawback of Customs Duty and/or Excise Taxes Paid on Consumable Goods Laden on Board of Commercial Aircraft Proceeding on Flights Outside of Canada](#) or any other supporting document). Where the importer does not have a copy of the documentation showing the refund or drawback, the customs duties are to be calculated based on the classification of the goods under the Chapter 1-97 tariff item and the applicable valuation and tariff treatment at the time of import. Where goods are a tax-relieved supply, as defined in paragraph 20, it is not an option to repay any previous refund of GST/HST. Rather, as specified in paragraph 21, the GST/HST is payable based on the value of the goods at the time of importation.

29. When submitting the [Form B3-3, Canada Customs Coding Form](#) all fields must be completed as required. In addition, the following information is to be entered on the Form B3-3:

- (a) special authority number “50-0000” is entered in field 26;
- (b) the applicable classification number under tariff item Nos. 9813.00.00 or 9814.00.00 is to be entered in field 27;
- (c) the amount of customs duties received or eligible through a refund or drawback, or calculated based on the classification of the goods under the Chapter 1-97 tariff item and the applicable valuation and tariff treatment, is entered in field 38;
- (d) the amounts of excise tax and/or GST received or eligible through a refund or drawback are entered in fields 40 and 42; and
- (e) fields 47 through 51 are to be completed.

(See [Memorandum D17-1-10, Coding of Customs Accounting Documents](#) for additional information on completing the [Form B3-3](#).)

Documentation

30. At the time of importation, most goods eligible under tariff item Nos. 9813.00.00 or 9814.00.00 are to be accounted for and documented on a [Form B3-3](#) or a Form BSF715 *Casual Goods Accounting Document*. Under the [Accounting for Imported Goods and Payment of Duties Regulations](#), the following tariff item Nos. 9813.00.00 and 9814.00.00 goods are not required to be documented if they are duty and tax exempt, including GST/HST, and are only required to be reported orally under the [Reporting of Imported Goods Regulations](#):

- (a) commercial conveyances manufactured in Canada;
- (b) commercial conveyances previously accounted for in Canada under the [Customs Act](#); and
- (c) goods that form part of the baggage of a person returning to Canada, whether or not the person and the baggage arrive on the same conveyance.

Note: When Canadian residents temporarily export personal effects for use on trips abroad, upon returning to Canada it is the individual’s responsibility to establish that such items were initially taken out of Canada and were not acquired abroad. For additional information, please see [Memorandum D2-6-5, Documentation of Goods for Temporary Exportation](#).

31. However, even goods that are released without accounting or documentation must be declared. In addition, the goods are subject to normal inspection procedures and must meet all other relevant CBSA and OGD requirements.

32. When goods are accounted for on a [Form B3-3](#), the applicable 10 digit classification No. (i.e., tariff item No. 9813.00.00 or 9814.00.00 plus the applicable 2 digit statistical suffix) is to be entered in field 27. When the goods are eligible for GST relief, GST Code “66” is to be entered in field 35. If the goods are not eligible for GST relief (see paragraphs 18 through 27 of this memorandum) no GST Code is to be used and the usual rate of GST is to be entered.

33. As well, there may be circumstances where a paper release is necessary, that is, the release cannot be done through Electronic Data Interchange. Such circumstances may include situations where goods are regulated or where there are OGD requirements.

Proof of Eligibility

34. Goods that were exported from Canada and are returning to Canada must be described in sufficient detail on any commercial documents to enable verification that the goods exported are the same goods returning to Canada. When an importer accounts for goods under tariff item Nos. 9813.00.00 or 9814.00.00, the importer may be required to provide evidence of the purpose for the export relating to the goods (e.g., shipping documents, evidence of the temporary exportation, etc.). If the goods cannot be identified due to their nature, they cannot be classified under tariff item Nos. 9813.00.00 or 9814.00.00. Documentation may include a completed and valid [Form E15](#), [Certificate of Destruction/Exportation](#) or Form BSF407 *Identification of Articles for Temporary Exportation*. For additional information regarding these forms see [Memorandum D20-1-4, Proof of Export, Canadian Ownership, and Destruction of Commercial Goods](#).

35. Where a copy of an export report is not available and the importer is able to provide a reasonable explanation for its unavailability, the following documentation may be accepted in lieu of the copy of an export report:

- (a) validated CBSA documents, such as a [Form B3-3](#) or Form BSF715;
- (b) transportation company documents;
- (c) customs accounting documents of a foreign country;
- (d) a declaration made by the exporter or importer of the goods from or into Canada identifying the goods as having originated in Canada or as having been previously released and accounted for under section 32 of the [Customs Act](#), and which is supported by sales invoices to the foreign purchaser, purchase orders, shipping or delivery instructions, foreign registration of exported goods (e.g. state registration of an automobile), or invoices from customs brokers which relate to the exported goods or shipments; or
- (e) primarily for non-commercial goods, a sales invoice from the Canadian owner showing the purchase of the goods in Canada.

36. Goods eligible for relief under either tariff item cannot have received nor been eligible for a refund or drawback of customs duty. If such is the case, this amount must be repaid before the goods may be classified under either tariff item and documentation must be provided to show the repayment.

37. If the goods were manufactured in bond or under excise regulations in Canada and subsequently exported, they are not eligible for classification under either tariff item unless there is a payment equal to the customs duty to which they would have been liable had they not been exported from Canada. Documentation must be provided to show the payment.

Other Government Department (OGD) Requirements

38. Where there are OGD requirements (for example, veterinary certificates for animals) the importer or owner of the goods must provide any such required certificate, license, permit or other document and any information that may be required. The OGD requirements must be met and documentation presented before the goods at issue can be released.

Container Bank Program (CBP)

39. The Container Bank Program (CBP) facilitates the accounting for and movement of a client's containers which are exported from and returned to Canada under tariff item No. 9813.00.00 or 9814.00.00. It is done through the establishment of a "container bank" with the CBSA. GST relief is provided through the [ETA](#) and eligible containers may be imported GST exempt using GST Status Code 66.

40. For the purpose of the CBP:

- (a) "accounting", unless otherwise specified, means the financial accounting system maintained by a company under a CBSA authorized container bank;
- (b) "ancillary equipment" means any equipment which enhances the safety, security, containment, and preservation of goods carried in conveyances falling within the terms of tariff item 9801.10.10 (see [Memorandum D3-1-5, International Commercial Transportation](#) for additional information);

- (c) “company” means a corporation, partnership or association;
- (d) “container” is a reusable packing article upon which or within which goods are placed for transport (e.g., pallet, skid, crate, rack, core, or other similar article) and includes rack dunnage where such dunnage is reusable and generally identifiable by part number. It includes a “similar container”. It does not include foreign-based containers engaged in the international commercial transportation of goods under heading 98.01 of the Schedule to the [Customs Tariff](#);
- (e) “container bank” means an inventory of containers or similar containers that is based on the maximum quantity or value of each type of a company’s container actually in Canada during a period of time mutually agreed upon between the company and the regional CBSA officials where, unless exempted under the [ETA](#), the GST payable on the containers pursuant to that Act has been paid and the containers
- (i) have been accounted for under the [Customs Act](#), or
 - (ii) originated in Canada;
- (f) “dunnage” means material used to protect and secure cargo during transportation. Sometimes this is inexpensive or waste material, but modern systems may be comprised of mechanical, spring-loaded post-and-socket systems. Dunnage also segregates cargo in the hold and prevents shifting of the cargo in response to ship motions. It also includes dunnage bags;
- (g) “dunnage bags” are air-filled pouches that can be used to stabilize, secure and protect cargo during transportation and are used in all modes of transportation;
- (h) “similar container” means a container imported into Canada by a company, where that container closely compares to a container exported by that company with respect to the container’s capability for holding like quantities of identical goods and it being commercially interchangeable with a type of container included in that company’s container bank.

41. For greater certainty, this administrative policy does not affect, in any way, the requirement or exemption respecting the accounting of containers pursuant to section 32 of the [Customs Act](#) and the [Accounting for Imported Goods and Payment of Duties Regulations](#). In addition, importers authorized under the Customs Self Assessment (CSA) program should refer to [Memorandum D17-1-7, Customs Self Assessment Program for Importers](#) for information regarding the reporting of empty containers.

Procedures for Container Banks

42. Where a container bank has been authorized by the CBSA, a company may, pursuant to tariff item No. 9813.00.00 or 9814.00.00, import containers or a like quantity of similar containers on a duty and tax free basis, provided that the maximum quantity or value of any one type of the company’s containers actually in Canada during a period of time that is mutually agreed upon between the company and the local CBSA officials, does not exceed its container bank for that type of container.
43. In order to operate a container bank, a company must apply in writing to the CBSA for authorization. The letter requesting permission to operate a container bank should be sent to the manager of the applicable office below for the areas through which the containers will be returned to Canada or, where the containers are expected to be imported through multiple areas, where the company’s principal office is located:

- (a) Atlantic/Quebec/Eastern Ontario:
 Manager, Regional Programs
 400 Place d’Youville, 5th floor
 Montréal, QC H2Y 2C2
- (b) Greater Toronto/Southern Ontario:
 Manager, Regional Programs
 1 Front Street West, 3rd floor
 Toronto, ON M5J 2X5

(c) Prairies:
 Manager, Regional Programs
 269 Main St., 1st floor
 Winnipeg, MB R3C 1B3

(d) Pacific:
 Manager, Regional Programs
 412-1611 Main Street
 Vancouver, BC V6A 2W5

44. The authorization request must be in writing and should include the following information:

- (a) the maximum quantity and/or value and description of each type of container actually in Canada during a period of time covering not less than one month and not more than one year, that is mutually agreed upon between the company and the local CBSA officials;
- (b) documentary evidence of the quantity of containers purchased in Canada and copies of the CBSA accounting documents for the containers previously imported, to establish the opening inventory;
- (c) if a company chooses to maintain its accounting of containers based on the quantity of specific goods imported in a single container, the description and quantity of the specific goods each type of container is designed to contain;
- (d) a description of the system by which the company intends to account for the containers and maintain records of their movement into and out of Canada, in accordance with paragraph 45 of this memorandum; and
- (e) the CBSA offices through which the containers will be imported.

45. In order for the CBSA to authorize a container bank, a company must agree to:

- (a) do a physical inventory upon request or maintain an accounting system and keep any records that will enable the CBSA to determine:
 - (i) whether the quantity or value of any one type of container in Canada during a period of time mutually agreed upon between the company and the local CBSA officials exceeds the quantity authorized by the CBSA for that type of container in the container bank,
 - (ii) whether there has been any change in the periods of time where the maximum quantity or value of any type of container is required in Canada by a company,
 - (iii) in the case where a company accounts for its containers under sub-paragraph 44(c) of this memorandum, whether there has been any increase or decrease in a company's trade in goods transported by container, and
 - (iv) whether the accounting system and any records kept provide for adequate control over the movement of containers;
- (b) present a written report at intervals of time mutually agreed upon between the company and the local CBSA officials to the regional CBSA office referred to in paragraph 43 of this memorandum or, where the regional CBSA office has directed that the container bank be monitored by the local CBSA officials, to the local CBSA office when containers are:
 - (i) no longer in service,
 - (ii) replaced or the authorized quantities or values of containers of any one type in the container bank have been exceeded,
 - (iii) used by third parties who will establish their own container bank, or
 - (iv) subject to drawback,

so that the quantities or values of containers in a company's container bank may be adjusted accordingly and that the company submits [Form B2, Canada Customs - Adjustment Request](#) to account for the imported containers in accordance with the [Customs Act](#); and

(c) include in the written report referred to in sub-paragraph 45(b) of this memorandum the transaction number and date appearing on the CBSA accounting documents for all importations of additional and replacement containers.

46. Where a company allows a third party to use containers from its container bank, the company must notify the CBSA office which originally authorized the container bank of the third party's name, and advise whether the company will:

(a) do a physical inventory upon request or maintain an accounting system and any records in accordance with paragraph 45 of this memorandum; or

(b) deduct the quantities or values of each type of container used by the third party from its container bank and the third party would then seek authorization by the CBSA for its own container bank.

47. In those instances where a company wishes to operate a container bank in more than one CBSA region, the company may apply for a container bank to the regional CBSA office for the area where the company's principal office is located. That CBSA office or, where directed by that office, another CBSA office, will monitor the container bank operation. The company's head office will do the physical inventory or maintain the accounting system and any records referred to in paragraph 45 of this memorandum for the movement of its containers in all regions. However, where a company's offices are independent of each other, each office may apply for its own container bank to the appropriate CBSA region.

48. The CBSA will notify a company in writing confirming the effective date and the terms and conditions for the authorization of the company's container bank once the requirements of paragraphs 43 through 45 of this memorandum have been met.

49. The CBSA may cancel an authorization at any time if the terms and conditions of paragraphs 43 through 45 of this memorandum are not complied with. A registered letter will be sent to a company when an authorization is cancelled explaining the reason for cancellation.

50. Where there has been an increase in a company's volume of trade in goods transported by container and the company has not reported any increase in the quantity or value of containers in its container bank, the CBSA may request that a physical inventory be done or it may audit the company. Such a request or audit does not limit the CBSA from requesting physical inventories or conducting audits or verifications for other reasons.

Examples of Accounting Systems and Record-keeping of Container Banks

51. It is expected that the accounting system and record-keeping for container banks will differ from one company to another. Accounting systems may be periodic or perpetual, manual or computerized, etc. Some examples of systems that may be used to monitor and control container banks are outlined below. Other systems that meet the requirements of paragraph 45 of this memorandum will also be considered.

(a) It is not necessary to maintain separate ledgers for containers classified under either tariff item No. 9813.00.00 or 9814.00.00. The total quantities or values of a type of container, whether of Canadian or foreign origin, may be combined on a single ledger.

(b) Where a type of container is used to package a specific quantity of identical goods, a ratio between the number of goods imported and the number of containers imported can be used to calculate the total quantity of containers in Canada. To illustrate, the maximum quantity of goods imported by containers during the periods of time referred to in sub-paragraph 44(a) of this memorandum divided by the maximum quantity of identical goods that may be transported in a single container equals the total number of imported containers. From that total, a deduction of the number of containers of that type exported during the period would provide the maximum quantity of containers in Canada.

(c) Where a company leases its containers, a ledger can show the quantity of each type of container exported from Canada during the periods of time referred to in sub-paragraph 44(a) of this memorandum. The quantity

billed minus the quantity exported during those periods should indicate the maximum quantity of each type of container in Canada.

(d) Where a company owns all its containers, it needs only to record the quantity and type of additional containers purchased. These purchases must be reported to the CBSA in order that they may be accounted for under the [Customs Act](#) if they are imported. The CBSA will then re-adjust the quantities in the container bank as necessary.

(e) Where a company's containers are supplied from abroad on a "free" basis, a record or journal may be kept for the periods of time referred to in sub-paragraph 44(a) of this memorandum. Any quantity in excess of the previously authorized container bank must be reported to the CBSA and accounted for under the [Customs Act](#). The CBSA will re-adjust the quantities in the container bank accordingly.

(f) A company may maintain its accounting of containers by means of a valuation system. When presenting its report, a company would provide the CBSA with the current prices of each different type of container in its container bank. The report should provide the details of the accounting for each type of container and a recapitulation sheet showing:

- (i) the previous report's container bank total credit converted to current prices,
- (ii) the amount deducted for containers removed from service since the previous report,
- (iii) the resulting inventory credit,
- (iv) the value of containers reinstated in service, added since the previous report,
- (v) the value of containers purchased in Canada and the value of those that were accounted for under section 32 of the [Customs Act](#), added since the previous report,
- (vi) the value of containers repaired, added since the previous report,
- (vii) the resulting container bank credit,
- (viii) the value of the maximum quantities of containers actually in Canada during the period of time mutually agreed upon between the company and the local CBSA officials,
- (ix) the resulting credit or debit difference between sub-paragraphs 51(f)(vii) and (viii). (Where there is a debit, the duties and taxes, including GST, must be paid. The container bank inventory will be increased accordingly. Where there is a credit, duties and taxes are not payable.),
- (x) the amount of duties and taxes paid or payable on the debit difference of imported containers,
- (xi) the amount of GST paid or payable on the debit difference in sub-paragraph 51(f)(ix) plus any customs duties payable in sub-paragraph 51(f)(x), and
- (xii) the transaction number and date appearing on the CBSA accounting documents covering the information on the recapitulation sheet.

Pallets

52. Pallets which are part of a CBP, such as Commonwealth Handling Equipment Pool (CHEP) and Canadian Pallet Council (CPC) pallets, have already been accounted for (for customs purposes) when the container bank was established. Furthermore, the duties and taxes applicable to these pallets have already been paid. It is not necessary to account for these CBP pallets a second time.

Ottawa File Number 8014-11-3

53. The "Ottawa File 8014-11-3" program authority was created in the 1960s to accommodate the movement of specialized parts racks used by the big three Canadian automobile manufacturers to transport auto parts. The three automobile manufacturers were issued letters authorizing use of the privilege.

54. Under current legislation the process is covered by tariff item Nos. 9813.00.00 and 9814.00.00 and the CBP. No new users are permitted. Those wishing to participate in a program that enables them to both move some of

their specialized parts racks freely in Canada and use other racks for international movement may apply to the CBSA for authorization to operate a container bank of those specialized parts racks.

Canadian Made Goods Returned for Repair

55. When goods are being temporarily returned to Canada for repair and they meet both the eligibility requirements for tariff item Nos. 9813.00.00 or 9814.00.00 and for temporarily imported goods of tariff item No. 9993.00.00, the Legal Notes to both Chapters 98 and 99 require that the goods be classified under the Chapter 98 provision. However, if the importer is unable to satisfy the CBSA officer that the goods meet the conditions of tariff item No. 9813.00.00 or 9814.00.00 or if the GST status of the goods meets either of the provisions in paragraph 20 of this memorandum, the goods may be imported under tariff item No. 9993.00.00.

56. Further information regarding temporarily imported goods is available in [Memorandum D8-1-1, Administration of Temporary Importation \(Tariff Item No. 9993.00.00\) Regulations](#).

Paper Cores Returned Empty

57. When importing paper cores of Canadian origin that have been exported to the United States (U.S.) and returned empty to Canada, the following guidelines should be observed in order to avoid any difficulties:

(a) provided the consignees are agreeable and on the strict understanding and agreement that there will be no question of drawback, the CBSA accounting documents may be accepted for quantities as manifested and the practice of manifesting free astray shipments at the inland CBSA offices discontinued; and

(b) it must be distinctly understood and agreed, however, that matters relating to overages and shortages with respect to paper cores will have to be settled between the various consignees and the transportation companies as the CBSA will assume no responsibility therefor.

Return to Canada of GST Paid Goods

58. Some goods are not eligible for GST relief when they are temporarily imported under tariff item No. 9993.00.00 and full, non-refundable GST must be paid (for example, most hand and power tools or large equipment leased from a US company to be used to do work in Canada). Such goods may be imported by a resident or non-resident, an individual or a company. When temporarily imported goods are not eligible for GST relief, they are to be documented on a [Form B3-3](#) and the GST paid. However, if the exact same (i.e., with the same serial number, etc. and not merely identical) goods are subsequently reimported into Canada by the same importer, they are eligible for GST relief under GST Code 83 as “goods which were previously imported temporarily and were subject to full GST at that time, and which are being reimported by the same importer.” The importer is to have available a copy of the prior Form B3-3 and any necessary documentation to substantiate that the same goods are being reimported.

59. Even when GST has been paid on returning goods, the goods must still meet the terms of eligibility for tariff item Nos. 9813.00.00 and 9814.00.00 if they are to be classified under either of these provisions. If the imported goods meet the terms of the tariff items and the importer has documentation to show the GST was previously paid on the goods, the goods may be documented on a [Form B3-3](#) with GST code “83” entered in field 35. If the goods do not meet the terms of the tariff items (for example, they were altered and advanced in value or improved in condition while outside Canada), they are not eligible for importation under the provisions although they may be eligible for partial duty and/or tax relief (see paragraphs 4 through 6 of this memorandum). However, temporarily imported goods may be eligible for customs duty relief under tariff item No. 9993.00.00 (see [Memorandum D8-1-1, Administration of Temporary Importation \(Tariff Item No. 9993.00.00\) Regulations](#) with “GST Code 83” entered in field 6 of the [Form E29B, Temporary Admission Permit](#)).

Electronic Goods Exported for Updates

60. Goods purchased in Canada may be temporarily exported to be repaired or altered, including software and/or hardware updates, whether or not under warranty. When such goods are returned to Canada, they are not eligible under tariff item Nos. 9813.00.00 and 9814.00.00. These items are to be declared under either tariff item No. 9992.00.00 (see [Memorandum D8-2-26](#)) if applicable or as Canadian Goods Abroad (see Memoranda

[D8-2-10, Goods Returning to Canada Having Been Repaired Outside of Canada](#) or [D8-2-11, Goods Returning to Canada After Being Altered or Worked on Outside Canada](#)). Applicable duties and taxes will be assessed.

Return of Canadian Manufactured Tobacco Products

61. Tobacco products manufactured in Canada and subsequently exported may only be returned in bond to the Canadian manufacturer under certain circumstances (for example, the product is stale dated, unsaleable, or shipped not according to order) and provided specific procedures are followed. For further information see [Memorandum D18-2-1, Imported Tobacco Products and the Return of Canadian Manufactured Tobacco Products](#). The shipment will not be permitted to move in bond unless all requirements are met.

62. Where packages of imported tobacco products are not stamped or put in packages containing the information required by the [Excise Act](#), the packages will either be:

- (a) exported;
- (b) abandoned to the Crown under section 36 of the [Customs Act](#); or
- (c) entered into a customs sufferance warehouse where the importer will stamp or repackage the tobacco products.

Return of Spirits Exported

63. Importations of spirits once exported from Canada are to be manifested from the first point of arrival to the CBSA office where the distillery is situated. The manifest is to be cancelled by the [Form B60, Excise Duty Entry](#). A copy of this form is to be forwarded to the manager of the applicable region indicated in paragraph 43 of this memorandum. Where a repayment of drawback is involved, the importer will account for the importation and pay the amount owed on a [Form B3-3](#).

Return of Exported Canadian Diamonds

64. If Canadian diamonds are exported and undergo any processing while abroad and are subsequently returned to Canada, these stones would not be eligible for the benefits of tariff item No. 9813.00.00. Such processing includes the following stages:

- (a) sawing/cutting/cleaving (splitting or dividing the rough stone into two parts);
- (b) prebuting (initial attempt to make the stone round in the case of a brilliant cut);
- (c) table polishing (remove sawing lines and define the final table);
- (d) blocking (pre-shape the stone on the top side and the bottom side);
- (e) bruting (final diameter of the stone is given);
- (f) bottom polishing (final bottom facets are polished);
- (g) table smoothing (final table is polished); and
- (h) top polishing (final top facets are polished).

65. It should be noted that the term “preprocessing” is also used in the diamond industry. This may refer to a diamond which undergoes some processing abroad but not the final polishing stages (i.e., stages (a) to (e) only). Such stones are also not eligible for the benefits of tariff item No. 9813.00.00 if they have been subjected to any or all of the “preprocessing” operations.

66. Most rough diamonds which are mined in Canada undergo final sorting, grading and evaluation abroad and only a fraction are returned to Canada with most sold to buyers in other countries without being returned to Canada. If the rough diamonds are only sorted, graded and evaluated abroad, such diamonds may be returned to Canada under tariff item No. 9813.00.00 as these diamonds have not been advanced in value, improved in condition nor combined with another article.

67. If Canadian diamonds which are processed in Canada (i.e., are subject to the stages in paragraph 64) and are subsequently sold and exported to a foreign market are returned to the originating Canadian cutting and polishing operation to correct manufacturing flaws, such stones may be temporarily imported for repair under the provisions of tariff item No. 9993.00.00 (see [Memorandum D8-1-1, Administration of Temporary Importation \(Tariff Item No. 9993.00.00\) Regulations](#) and paragraphs 55 and 56 of this memorandum). If the stones are being returned other than for repair, such as for a refund or exchange, please see the provisions in paragraphs 28 and 29.

68. In Canada, the minimum standard which has been established to validate a Canadian diamond for **marketing** purposes is the [Voluntary Code of Conduct for Authenticating Canadian Diamond Claims](#) endorsed by the Competition Bureau and the World Jewellery Confederation. That Code is based on records and a chain of warranties and provides that any diamond mined in Canada can maintain its Canadian status for marketing purposes even if it has been processed (or preprocessed) outside Canada. Therefore, the definition of a “Canadian” diamond under that Policy is contrary to the provisions of tariff item No. 9813.00.00 and a diamond designated as “Canadian” under that Policy may not be eligible for the purposes of tariff item No. 9813.00.00. If diamonds were mined in Canada but processed or preprocessed abroad importers may not declare them under tariff item No. 9813.00.00, rather the diamonds are to be accounted for under Chapter 71 and the valuation provisions of the [Customs Act](#).

69. Under the [Export and Import of Rough Diamonds Act](#) a Canadian Certificate is required to accompany all exports and imports of rough diamonds. However, as the purpose of the Certificate is to prevent conflict (rough) diamonds from entering into the legitimate world markets it does not provide sufficient evidence to determine whether the diamond is eligible under tariff item No. 9813.00.00. Additional documentation that may support the eligibility of diamonds under tariff item No. 9813.00.00 are:

(a) for rough diamonds:

- (i) The unique export parcel number assigned to the diamond shipment at the time the diamond was originally exported from Canada; and/or
- (ii) A copy of the diamond’s parcel paper (a folded sheet of paper containing the diamond and processing information - estimated yield, dimensions, inclusions, etc.);

(b) for polished diamonds:

- (i) a Government of the Northwest Territories Polished Diamond Certificate, or similar provincial or territorial certification document; and/or
- (ii) A commercial certificate containing a unique diamond production number or diamond identification number (e.g. Gemological Institute of America Inc. report); and/or
- (iii) A Gem Certification and Assurance Lab Gemprint[®] or similar unique gem-print; and/or
- (iv) A copy of the diamond’s parcel paper (a folded sheet of paper containing the diamond and processing information - estimated yield, dimensions, inclusions, etc.).

70. Additional information regarding the export, processing and importation of diamonds is available in Memoranda [D10-14-39, Canadian Diamonds Exported and Returned](#) and [D19-6-4 Kimberley Process – Export and Import of Rough Diamonds](#).

Goods Exported From a Customs Bonded Warehouse

71. Goods entered in a Customs Bonded Warehouse upon importation are not duty and tax paid. Since duties and taxes are not paid on these goods, they cannot be released/ex-warehoused into Canada under tariff item Nos. 9813.00.00 or 9814.00.00.

Return of Exported Sold or Leased Goods

72. Goods which originate in Canada or which have been imported and accounted for under section 32 of the [Customs Act](#) that are exported for lease outside Canada will usually be returned to Canada. Provided there was no refund or drawback of customs duties when the goods were exported, and they were not advanced in value or

improved in condition by any process of manufacture or other means, or combined with any other article abroad, the returning goods will generally be eligible for customs duty relief under tariff item Nos. 9813.00.00 or 9814.00.00. See also paragraphs 10 through 17 of this memorandum.

73. Some goods sold for export and intended for permanent exportation from Canada may subsequently be returned to Canada permanently (i.e., not just for repair). When such goods are eligible for duty and/or tax relief (including refund or drawback) upon export, the importer should get a drawback and be prepared to account for the goods if they are returned. If the goods were a tax-relieved supply, as defined in paragraph 20 of this memorandum, then they would not be eligible for GST relief. If such goods are being returned, the importer must pay the normal rate of GST. See paragraphs 18 through 27 of this memorandum.

74. Generally the importation of goods which were supplied outside Canada by way of lease, licence and similar agreement are not subject to GST/HST if they are imported by the owner or lessor and the owner/lessor is a person who was not entitled to claim a refund, rebate, or remission of the tax under any Act of Parliament.

75. However, such goods would be subject to GST/HST if they are imported for consumption, use or supply in Canada by a lessee.

76. Such goods are also not subject to GST/HST in the following situations:

- (a) the goods are returned to the Canadian supplier because the sale was cancelled or the goods are defective or not as ordered;
- (b) the goods were acquired and exported by a vendor for re-sale and are being returned to Canada, without having been sold, to the vendor's supplier; or
- (c) the goods are imported for the purposes of returning the goods to the owner or the lessor for repair or maintenance during the lease agreement.

77. For additional information regarding the GST/HST provisions, please contact CRA at the address provided in paragraph 27 of this memorandum.

Canadian Goods Stored in U.S. Warehouses for Return to Canada

78. Sometimes goods are imported into Canada and accounted for, and are subsequently exported for warehouse storage. When the goods are required in Canada, whether for the company's use or because there has been a sale to a Canadian resident, the goods are then returned to Canada.

79. If the goods were eligible for a refund or drawback when they are exported, and the goods may be sold outside Canada or are otherwise not intended to be returned to Canada, it is recommended that the eligible person apply for a drawback of the customs duties (see Memoranda [D7-4-2, Duty Drawback Program](#) and [D7-4-3, NAFTA Requirements for the Duty Drawback and the Duties Relief Programs](#) for additional information). If the goods were eligible for a refund or drawback then they are not eligible for customs duty relief under tariff item No. 9814.00.00 unless the refund or drawback is repaid. If the goods were advanced in value, improved in condition or combined with another article or material while abroad, they are not eligible under tariff item No. 9814.00.00. See paragraphs 4 through 6 of this memorandum.

80. If, at the time of export, the goods are intended to be returned to Canada and there is no drawback or refund of the customs duties and, at the time of return, the goods have not been advanced in value or improved in condition by any process of manufacture or other means, or combined with any other article abroad, the goods are eligible for customs duty relief under tariff item No. 9814.00.00.

81. Goods that are eligible for customs duty relief under tariff item No. 9814.00.00 may also be eligible for GST/HST relief when they are re-imported into Canada. See paragraphs 18 through 27 of this memorandum.

82. If any of the conditions in paragraphs 18 through 27 of this memorandum apply (for example, the goods were sold to a Canadian resident), eligible goods will be subject to applicable GST/HST when they are re-imported into Canada. While the accounting document will show tariff item No. 9814.00.00, there is no GST/HST relief. GST/HST is applicable on the value for duty as determined by sections 45 through 55 of the [Customs Act](#). If the goods are low value and/or non-commercial, additional information, including definitions of commercial and

casual goods and collection of PST/GST/HST, can be found in Memoranda [D17-4-0, Courier Low Value Shipment Program](#), [D17-1-22, Accounting for the Harmonized Sales Tax, Provincial Sales Tax, Provincial Tobacco Tax and Alcohol Markup/Fee on Casual Importations in the Courier and Commercial Streams](#), and [D2-3-6, Non-commercial Provincial Tax Collection Programs](#).

Animals Treated Outside Canada

83. At times, animals may be exported for treatment or procedures or they may undergo unplanned work. Whether an animal is exported for treatment or a procedure or it is unplanned at the time of export, the returning animal is not returned under tariff item Nos. 9813.00.00 or 9814.00.00 when the result is that the animal is advanced in value or improved in condition by any process of manufacture or other means, or combined with any other article abroad. Examples of such work would be insemination, sterilization, inoculations, medical treatment, etc. Relief may be available under other provisions (see paragraphs 4 through 6 of this memorandum).

Additional Information

84. For more information regarding tariff item Nos. 9813.00.00 and 9814.00.00, 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 apply). Officers are available Monday to Friday (08:00 – 16:00 local time / except holidays). TTY is also available within Canada: **1-866-335-3237**.

References	
Issuing Office	Trade and Anti-dumping Programs Directorate
Headquarters File	6564-0, 6564-1, 6567-0, 6567-1, 6567-2, 6568-0, 6568-1, 6568-2
Legislative References	Customs Tariff Customs Act Excise Tax Act Excise Act Export and Import of Rough Diamonds Act Accounting for Imported Goods and Payment of Duties Regulations Reporting of Imported Goods Regulations Non-taxable Imported Goods (GST/HST) Regulations Value of Imported Goods (GST/HST) Regulations
Other References	D2-3-6 , D2-6-5 , D3-1-5 , D3-6-0 , D3-7-1 , D7-2-3 , D7-3-2 , D7-4-1 , D7-4-2 , D7-4-3 , D7-4-4 , D8-1-1 , D8-2-1 , D8-2-4 , D8-2-10 , D8-2-11 , D8-2-25 , D8-2-26 , , D10-14-39 , D17-1-7 , D17-1-10 , D17-1-22 , D17-4-0 , D18-2-1 , D19-6-4 , D20-1-4 Forms BSF407, BSF715, B2 , B3-3 , B60 , E15 , E29B , K32 , K36B , N15 ,
Superseded Memorandum D	N/A