



Memorandum D8-4-2

Ottawa, February 15, 2017

Reporting and Summary Accounting of Vehicle Repairs by Highway Carriers

In Brief

This document contains editing revisions which do not change existing policies or procedures.

This document was updated to correct references and hyperlinks.

This memorandum outlines the requirements that highway carriers must meet when reporting and accounting for repairs to their vehicles performed outside Canada.

Guidelines and General Information

1. Paragraph 12(3)(b) of the [Customs Act](#) requires that all repairs to vehicles performed outside Canada must be reported by the drivers to the nearest Canada Border Services Agency (CBSA) office when these vehicles are returned to Canada. Paragraph 32(1)(a) of the *Customs Act* requires highway carriers to account for repairs to their vehicles performed outside Canada when these vehicles are returned to Canada. Highway carriers can obtain authorization to account for such repairs on a quarterly basis.
2. All highway vehicles that are exported and then returned to Canada without being repaired, altered in condition or advanced in value by any process are customs duty-free when classified under tariff item No. 9813.00.00 or 9814.00.00 of the Schedule to the [Customs Tariff](#).
3. Highway vehicles that are repaired after being exported from Canada are subject to duty and taxes, including the Goods and Services Tax (GST), on their full value for duty when they return to Canada, unless they meet the conditions of one of the following pieces of legislation:
 - a) Paragraph 101(1)(a) of the [Customs Tariff Act](#);
 - b) Subsection 101(2) of the [Customs Tariff Act](#); or
 - c) Tariff item No. 9992.00.00 of the Schedule to the [Customs Tariff](#).
4. Under certain conditions, vehicles repaired in a non-free-trade partner country may be re-imported under paragraph 101(1)(a) of the [Customs Tariff Act](#). The vehicle is customs duty free, but duties and taxes, including the GST, are payable on the value of the repairs performed abroad. To qualify for paragraph 101(1)(a) of the [Customs Tariff Act](#), the carrier must be prepared to provide proof that the vehicle was exported, was imported back into Canada within one year after leaving Canada, and the repairs performed on the vehicle could not have been done in Canada within a reasonable distance from the operating area of the carrier.
5. Subsection 101(2) of the [Customs Tariff Act](#) grants relief from duties and taxes owing, including the GST, on both the vehicle and the value of emergency repairs done outside Canada, whether or not the emergency repairs are

performed in a free-trade partner country. Further information about emergency repairs can be found in [Memorandum D8-1-1, Administration of Temporary Importation \(Tariff Item No. 9993.00.00\) Regulations](#).

6. Under tariff item No. 9992.00.00, vehicles repaired in a free-trade partner country are customs duty-free. The value of the repairs is not subject to customs duties, but, unless the repairs are performed under a warranty arrangement, the value of the repairs is subject to the GST.

7. Highway carriers are required to report repairs to their vehicles at the time the vehicles are returned to Canada. They are also required to account for the repairs at the same time unless special authorization to account for these repairs on a quarterly basis has been granted by the CBSA. Reporting and accounting are two separate activities.

8. Highway carriers who wish to obtain an authorization to account on a quarterly basis should apply to the closest [CBSA office](#). Applications must include the following information:

- (a) legal name of the carrier
- (b) mailing address
- (c) contact name, title, telephone and facsimile numbers
- (d) carrier code number
- (e) customs port(s) where the carrier's fleet usually crosses into Canada, and
- (f) whether the carrier has hired owner-operated privately owned vehicles for use in its fleet, and how many.

9. CBSA offices responsible for authorizing carriers to account for repairs on a quarterly basis are required to submit copies of all letters approving or rescinding this privilege to:

Manager
 Transporter Compliance Unit
 Program Compliance and Outreach Division
 Commercial Program Directorate
 Canada Border Services Agency
 171 Slater Street, 2nd floor
 Ottawa, ON K1A 0L8

10. A highway carrier cannot be authorized for summary accounting for more than five years at a time. Applications to extend an authorization must be submitted to the CBSA at least two months prior to the expiry date.

11. For the purpose of this memorandum, the term “repairs” means any adjustment to a vehicle that restores the vehicle to its original operating condition and includes the replacement or fixing of parts of the vehicle.

12. For the purpose of this memorandum, the term “emergency repairs” means unforeseen repairs that were required to ensure the safe return to Canada of the vehicle.

13. Examples of emergency repairs include, but are not limited to, broken belts, blown tires, and failed brakes. If auxiliary equipment such as a refrigeration unit fails, repairs to the equipment will qualify, as long as the cargo being carried by the vehicle is perishable.

Reporting requirements

14. All highway carriers, regardless of whether they are authorized to account for repairs on a quarterly basis, are required, pursuant to paragraph 12(3)(b) of the [Customs Act](#), to report any repairs, including emergency repairs, done abroad on their vehicles at the time these vehicles return to Canada. If the highway carrier requests, the

border services officer may stamp the repair invoices as proof of report to the CBSA. Further information about pre-arrival reporting can be found in [Memorandum D3-4-2, Highway Pre-arrival and Reporting Requirements](#).

15. If, at the time of importation during an examination of the truck, invoices or other evidence of non-reported repairs are found, duties and taxes are to be collected immediately. This applies whether or not the carrier is authorized to present a summary accounting of vehicle repairs. If the carrier is authorized, the inspecting border services officer will inform the issuing office. The issuing office will make a decision regarding whether to revoke the carrier's authorization based on past history. If the carrier is not authorized for summary accounting, routine enforcement procedures apply. Penalties may be issued for non-compliance in addition to the carrier no longer being authorized to participate in the summary accounting program.

16. The repairs must be reported, whether or not the highway carrier is paying for them. For example, the repairs are performed under a warranty arrangement or paid for by an insurance company, or the vehicle is a leased vehicle and the lease includes a maintenance agreement. In this latter example, the leasing company must account for the repairs at the time of importation or, where authorized, as part of the leasing company's summary accounting. The CBSA officer must stamp the invoice as proof of reporting.

Accounting requirements

17. Highway carriers must account for vehicle repairs at the time of importation unless authorized to present a summary accounting of the repairs on a quarterly basis. Where the highway carrier is not authorized, at the time of importation the driver must account for the repairs and pay any duties and taxes owing, including the GST. Complete information on the accounting requirements for goods imported under the provisions of the legislation identified in paragraph 2 is contained in [D8-2-1, Canadian Goods Abroad Program](#), and [D8-2-26, Goods Re-entered After Repair or Alteration in the United States, Mexico, Chile, Israel, or Another CIFTA Beneficiary, Colombia, Costa Rica, Peru, Jordan or Panama](#). General accounting requirements are outlined in [Memorandum D17-1-10, Coding of Customs Accounting Documents](#).

18. Drivers acting on behalf of authorized highway carriers must be prepared to present a copy of the CBSA letter of authorization at the border. Failure to present the letter when requested by the inspecting CBSA officer will result in the summary accounting privileges being revoked for that importation.

19. Owner-operated privately owned vehicles hired by authorized highway carriers may be afforded the benefit of quarterly summary accounting. The driver must be prepared to present the inspecting CBSA officer with a copy of the highway carrier's authorization letter and a copy of an agreement between the driver and the highway carrier confirming that the carrier will assume liability for the duties and taxes owing, including the GST, for all vehicle repairs performed outside Canada. The authorized highway carrier will account for the repairs performed on these privately owned vehicles as part of their quarterly summary accounting.

20. Care should be taken to ensure that vehicle repairs billed through national accounts are included in the summary accounting. The requirement to account applies whether or not the highway carrier is paying for the repairs. For example, the repairs are performed under a warranty arrangement or paid for by an insurance company. Any customs duties and taxes, including any GST owing, should be included in an insurance settlement. The only time highway carriers do not have to account for repairs is when the repairs are made to a leased vehicle and the lease includes a maintenance agreement. The leasing company must account for the repairs at the time of importation or, where authorized, as part of the leasing company's summary accounting.

Summary accounting documentation

21. The quarterly accounting is to be presented on a "blanket" coding form, [Form B3-3, Canada Customs Coding Form](#). Repairs accounted for under paragraph 101(1)(a) appear on two lines. The first line shows the Canadian value of the vehicles at time of export from Canada and special authorization code 98-01-0101 appears in field 26.

The second line shows a value for duty equivalent to the value of the repairs. Stamped invoices for emergency repairs should be included in quarterly summary accounting of vehicle repairs. The value of any emergency repairs is also accounted for on two lines using special authorization code 98-02-0101 on the first line in field 26. Repairs accounted for under tariff item no. 9992.00.00 are reported on a single line. The value for duty is the value of the repair work done outside Canada. The number of lines on the B3-3 will vary depending on the legislative provisions used at the time of accounting.

22. Separate summary sheets are to be attached to the [Form B3-3](#). The summary sheets are to be in the format shown in Appendices A, B and C. Only summary sheets for the legislative provisions used are required. All supporting documents, including invoices and work orders, must be retained by the highway carrier for six years. They must be available for examination upon request.

23. The term supporting documents in paragraph 22 includes proof that the repairs could not be performed in Canada within a reasonable distance from the operating area of the highway carrier as required by paragraph 101(1)(a) of the [Customs Tariff Act](#). It includes proof that the repairs were necessary to ensure the safe return of the vehicle to Canada as required by subsection 101(2) of the [Customs Tariff](#).

24. The rate of exchange used to calculate the value of the vehicle repairs, in Canadian dollars, must be the rate of exchange on the date the repairs were performed. The date on the repair invoice is to be used, not the date the vehicle returns to Canada, regardless of the length of time between the repairs and the return of the vehicle to Canada. The rate of exchange can be obtained by calling the Border Information Service at **1-800-461-9999** (English) or **1-800-959-2036** (French).

25. The [Form B3-3](#) must be submitted within 45 days following the end of the quarter to the office identified as the accounting office in their highway carrier's authorization letter. The accounting office does not have to be the same office that issues the authorization letter. Highway carriers wishing to change accounting offices must apply to the office that issued their authorization letter. The authorizing office will then issue a new authorization letter and advise all of the CBSA offices involved. Highway carriers who do not file a summary accounting for four consecutive quarters may have their privileges rescinded.

26. The quarters are:

- (a) January 1 to March 31
- (b) April 1 to June 30
- (c) July 1 to September 30
- (d) October 1 to December 31

Verification

27. The blanket [Form B3-3s](#) and associated summary accounting documents may be subject to verification. Where authorized carriers import through more than one region, a CBSA officer of the region that granted the summary accounting authorization will perform the review. For the purpose of verification, all supporting invoices, work orders and other documentation are to be retained by the highway carrier for at least six years and available for examination upon request.

28. If it is determined during the verification that the repairs do not qualify under paragraph 101(1)(a) or subsection 101(2) of the [Customs Tariff Act](#) or tariff item No. 9992.00.00 of the Schedule to the *Customs Tariff*, a Detailed Adjustment Statement (DAS) will be issued.

29. Where it is determined that repairs made abroad have not been accounted for, the highway carrier will be required to pay full duties and taxes on the value of repairs and any interest or penalties applicable. The vehicle in

question may also be seized. [Memorandum D11-6-5, Interest and Penalty Provisions: Determinations/Re-determinations, Appraisals/Re-appraisals, and Duty Relief](#), provides additional information on penalty provisions.

30. If, in the course of verifying a highway carrier's books and records, invoices for repair work performed outside Canada are identified that have not been accounted for, either at the time of importation or, where authorized, as part of the quarterly accounting, this is a contravention of subsection 32(3) of the [Customs Act](#). Contravention C070 may be applied.

31. Contravention C070 should not be applied if the carrier can provide a CBSA-stamped invoice for the repair showing that the repairs were emergency repairs.

Additional Information

32. 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**.

Appendix A

Repairs to Canadian Goods Abroad, Paragraph 101(1)(a) of the [Customs Tariff Act](#)

Work order or invoice no.	Date of repairs	Value of repairs (foreign currency)	Rate of exchange	Value of repairs (CAN\$)
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Appendix B

Emergency Repairs to Canadian Goods Abroad, Subsection 101(2) of the [Customs Tariff Act](#)

Work order or invoice no.	Date of repairs	Value of repairs (foreign currency)	Rate of exchange	Value of repairs (CAN\$)
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Appendix C

Tariff Item No. 9992.00.00 of the Schedule to the [Customs Tariff](#) - Repairs or alterations to Canadian Goods in the United States, Mexico, Chile, Israel, or Another CIFTA Beneficiary, Colombia, Costa Rica, Peru, Jordan or Panama

Work order or invoice no.	Date of repairs	Value of repairs (foreign currency)	Rate of exchange	Value of repairs (CAN\$)
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References	
Issuing Office	Trade and Anti-dumping Programs Directorate
Headquarters File	
Legislative References	<i>Customs Tariff</i> <i>Customs Act</i> <i>Reporting of Imported Goods Regulations</i> <i>Customs Tariff Act</i>
Other References	D3-4-2 , D8-2-1 , D8-2-26 , D11-6-5 , D17-1-10 Form B3-3 , Contravention C070
Superseded Memorandum D	D8-4-2 dated October 22, 2015