



# Importing Into Canada



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# Disclaimer.

*The information within these slides was accurate at the time of this presentation on May 2024, and may not reflect new and updated rules and regulations since then.*

*While we strive for accuracy in all our communications, as the Importer of Record it is incumbent upon your company to ensure that you are aware of the requirements under new regulations so that you maintain compliance as always.*



# Agenda.

- Parties involved
- Special considerations for food
- Fundamentals of a declaration
- Dos & Don'ts
- Consequences of non-compliance
- CARM & the Customs process

# Parties Involved.



# Importer of Record.

Ultimate financial obligation to CBSA, and solely responsible for:

- Accuracy and completeness of documentation
- Correct and prompt payment of duties and taxes
- Penalties related to non-compliance
- Maintaining proper books and records for the required 6 years
- To act with due diligence and reasonable care
- CARM registration

***Importing is a privilege which can be taken away!***



# Customs Broker.

## Business obligation to our client

- Assists with determination of import requirements and on obtaining release of shipments through CBSA and any PGAs
- Calculates duties, taxes, and B3
- Advise on new rules and regulations
- Tariff classification
- PGA import requirements
- Post-entry refunds, amends, drawbacks

***Limited financial obligations to CBSA.***



# Vendor / Seller / Exporter.

- Receives the purchase order
- Confirms the Incoterms® with the purchaser
  - May be responsible for arranging transportation
- Prepares and ships the order
- Export documentation
  - Including: Invoices, packing lists, bills of lading, phytosanitary certifications etc.
- Marking of the shipment

***Exporter may be a party separate from the vendor/seller but is contracted by them.***



# Carrier.

- Arranges the physical transportation and final delivery to bill of lading destination
- Determines the route of shipments
- Issues the Bill of Lading (BOL)
- Submits ACI eManifest (reporting of cargo within a specific time frame **before** the shipment arrives at the border)
- Communicates with customs broker for Customs entry



# Canada Border Services Agency.

- Guards, secures and facilitates trade to and from Canada
- Border enforcement: Examinations and inspections
- Administers trade legislation and trade agreements
- Collects applicable duties and taxes
- Issues monetary penalties for non-compliance
- Holds final decision for release of goods into Canada
- Administers regulations for 9 Participating Government Agencies (PGAs)



# Participating Government Agencies.

**CFIA**

Canadian Food Inspection Agency

**GAC**

Global Affairs Canada

**HC**

Health Canada

**TC**

Transport Canada

**NRCAN**

Natural Resources Canada

**ECCC**

Environment and Climate Change Canada

**DFO**

Department of Fisheries and Oceans Canada

**CNSC**

Canadian Nuclear Safety Commission

**PHAC**

Public Health Agency of Canada



# PGAs of Most Concern. *For Food Importers*

- **CFIA** - Food, wood products, handicrafts, plants, animals, seeds
- **ECCC** - Convention on International Trade in Endangered Species (CITES)
- **DFO** - Aquatic Invasive species, trade tracking, Biotechnology
- **Global Affairs Canada** - Food and Animals under Tariff Rate Quotas
- **Health Canada** - Natural Health Products, Drugs, Medical Devices, Controlled Substances, Pesticides



# Considerations for Food Products.

- Importer registered with CFIA SFCR license?
- Does the Importer need any CFIA issued permits? Yes? Apply before shipping.
- Is the food allowed entry into Canada?



# Considerations for Food Products.

- Be Specific
  - Species
  - State/Processing
  - Ingredients
- Tariff Rate Quota may apply
  - Wheat, meat, eggs, dairy
- Is the Exporter able to obtain the required export documentation?



# Making Claims.

Know your ingredients

- *Are they permitted in Canada?*

**Watch out for claims made about the product!**

Claims to cure, treat, diagnose, prevent a disease or condition *equals* Natural Health Product Regulations

***Folk “remedies” in many cases will be considered NHPs***



# Import Fundamentals



# Fundamentals of a Declaration.

1. HS Tariff Classification
2. Origin
3. Value
4. Participating Government Agency (PGA) Information



# Harmonized System of Tariff Classification.

- Every item must have a 10-digit HS Tariff Classification code
- HS is made up of 21 sections, 99 chapters and over 10,000 classifications
- Detailed product information required to determine HS
  - What's the product made of?
  - How is it processed?
  - What is the intended end use?
- Subject to audit by CBSA

***Correct classification is the Importer's responsibility***



# Country of Origin.

- "Origin" is where the goods were made, grown or produced, ***not shipped from***
- Origin affects:
  - Import Requirements
  - Duty Rates



# Methods of Valuation.

- Customs Act mandates the use of 6 specific methods of valuation
  - **Must be applied in order**
  - Everything has a “value”, including gifts and no charge samples
  - Prohibits the use of arbitrary or fictitious Values
1. **Transaction Value** - *Most Common, base on selling price between Canadian Buyer and Foreign Seller*
  2. **Transaction Value of Identical Goods** - *Commonly used when goods are shipped at no charge*
  3. **Transaction Value of Similar Goods** - *Used when an item is shipped at no charge and is never sold*
  4. **Deductive Value** - *Goods enter Canada prior to sale being made. Value is based on most common selling price in Canada*
  5. **Computed Value** - *Based upon cost of producing the imported goods, plus an amount for profit and general expenses. Goods have not been sold in Canada*
  6. **Residual Value** - *Flexible application of the previous methods*





# Don't Send Undeclared Goods.

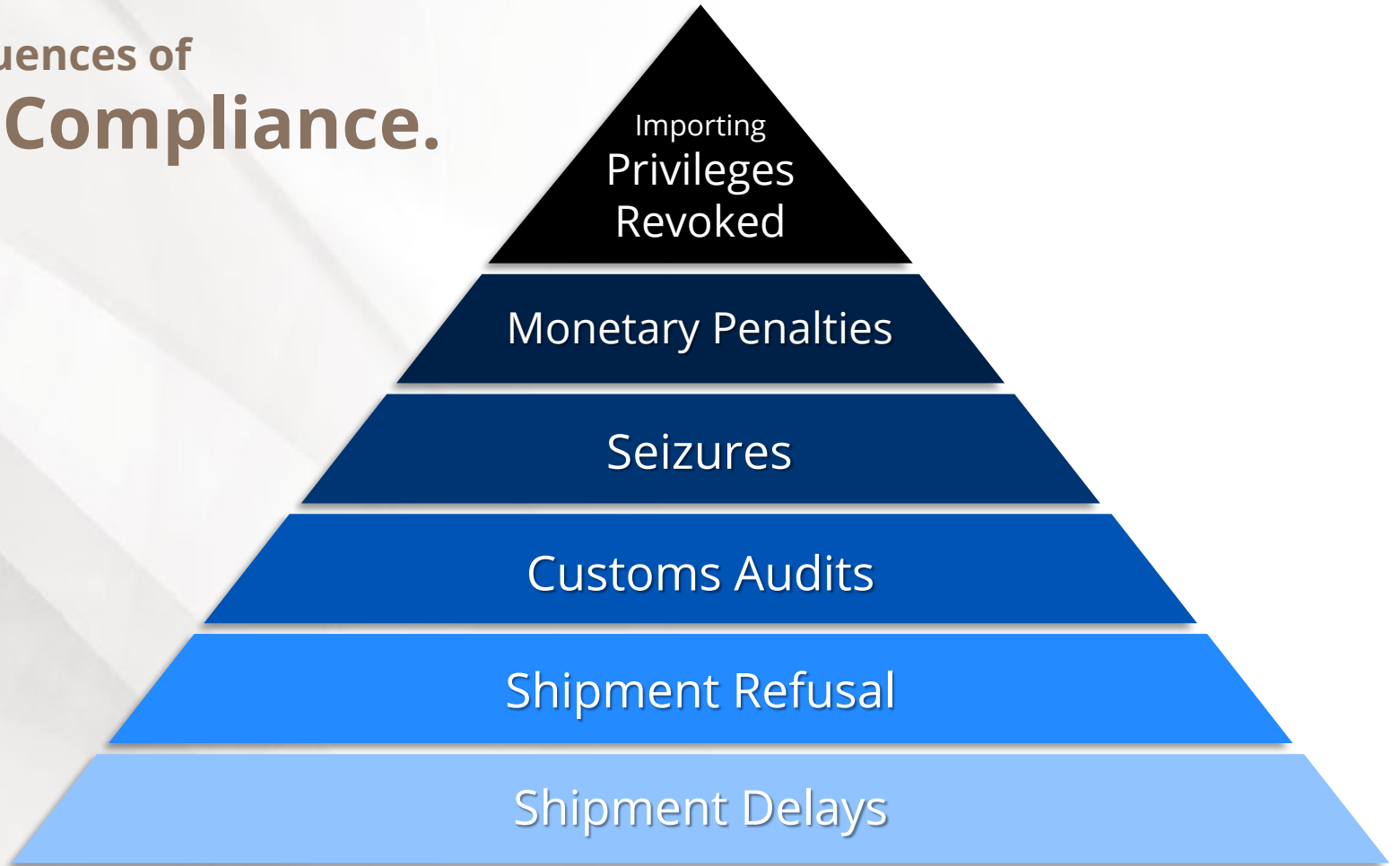
- Free gifts
- No charge samples

Undeclared goods are considered high risk

- Subject to highest level of enforcement by CBSA & PGAs
  - Seizures
  - Penalties
  - Examinations on subsequent imports



Consequences of  
**Non-Compliance.**





# **CARM and the Customs Process**

# CARM Overview.

## *Customs Assessment and Revueue Management*

CARM is a CBSA multi-year initiative that will transform the collection of duties and taxes for goods imported into Canada.

CARM targets only the revenue and cash management systems currently in place for assessing and collecting duties and taxes. It updates the process and includes electronic options.

***Focus is moving to Importer Liability***



# What Does CARM Affect?

## Release of Goods

Minimally affected.

New updates to CARM rollout allow for release of goods without a CCP for existing Importers.

Registering ASAP is recommended.

## Release Prior to Payment Privilege (RPP)

Allows for release of goods into Canada prior to duties and taxes being paid.

RPP requires financial security be posted to guarantee duties and taxes will be paid.

Importers will have 180 days after R2 to post financial security.

## Final Accounting

Importers will need to onboard into the CCP to fulfill legal obligation to account for goods and pay duties and taxes within specified timeframes without penalties.

Final accounting is due 5 days after customs release.

# Importer Preparedness.

## *Importers into Canada*

- Determine the method of financial security
- Delegate responsibility to their company for Portal Registration
- Register for CARM Client Portal prior to Release 2 in October 2024
- Approve business relationship with Customs Broker
- Post financial security



# Exporter Preparedness.

## *Exporters to Canada*

- Companies Exporting to Canada are not required to register in the CCP unless they also elect to act as a Non- Resident Importer
- Non-Resident Importers (NRIs) will have same responsibilities and obligations as resident Importers and may be required to register for GST
- NRIs must provide location in Canada where they keep books and records



# Considerations for Exporters.

1. CARM has minimal impact on Exporters
2. Exporters may want to confirm Importer has registered in CARM to avoid shipment delays



A top-down view of a person with long, curly hair sitting at a white desk. The desk is cluttered with various office supplies: a computer monitor, keyboard, mouse, calculator, several binders with documents, a pen holder with pens, a small potted plant, and a pair of glasses. The person's hands are visible, one near the calculator and the other holding a pen. The background is a light-colored wooden floor.

**How do all these  
pieces work  
together?**

# The Customs Process. *from inception to delivery*

**Importer:** Researches product import requirements, opens account with customs broker, communicates shipment information to customs broker, obtains required licenses, permits, and registrations.

**Vendor:** Accepts purchase order from Importer. If unclear, confirms Incoterms®, or who is responsible for arranging transportation. It is the party responsible for transportation, selects a carrier best suited for commodity type and speed of delivery.

**Exporter:** Prepares shipment for transport, gathers needed documents and send copies to Importer for review.



# The Customs Process. *from inception to delivery*

**Carrier:** Picks up the shipment, verifies product loaded is on bill of lading, files their ACI eManifest. While enroute sends the cargo control number, bill of lading and Customs documents to the customs broker.

**Customs Broker:** Files the Customs entry, submitting all required information to the CBSA and applicable PGAs.

**CBSA:** Reviews the data, passes to applicable PGAs and awaits the PGA response.

**PGA:** Reviews the data and sends their decision to CBSA (*rejects returned directly to Customs Broker for correction and resubmission*).



# The Customs Process. *from inception to delivery*

**CBSA:** Review the PGA response, renders their decision and returns to the customs broker. Carrier also receives copy of acceptance messages.

**Carrier:** Proceeds to entry port (*may have already arrived depending on mode of transport*). Shipment 'arrived' with CBSA.

**CBSA:** May examine shipment. Once released carrier can proceed to delivery.

**Consignee:** Receives shipment and at time of unloading confirms product unloaded matches BOL/packing lists. Any discrepancies need to be reported to the Importer to arrange for Customs entry corrections as required.





*Contact us today*

**Thank you!**  
*Questions?*

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