



CBSA RELEASE OF GOODS BOND

CBSA RELEASE OF GOODS BOND

A Canada Border Services Agency (CBSA) Release of Goods Bond allows an importer to post security with CBSA against the release of goods imported under their account. This bond guarantees payment and allows the goods to be released from customs control prior to the payment of duties and taxes. The amount of security posted for the bond is determined by calculating the average monthly duty and tax spend for that importer.

Obtaining a CBSA Release of Goods Bond

Bonds can be obtained directly through a Canadian Bank, a CBSA approved insurance company, or a Canadian Customs Broker. A broker can be an excellent resource, as most brokers have approved insurance company they work with and have access to an importer's monthly average duty and tax spend.

The bond application process at a glance:

1. A request is sent to the Canadian Bank, insurance company, or customs broker advising that the Importer would like a CBSA Release of Goods Bond. Details the provider will need include: business number, legal name, contact information, and the desired amount of security to be posted for the bond. This bond amount will be based on the average monthly duty and tax spend.
2. An original bond is created and sent back to the importer along with a template for a Direct Security Letter. These two documents are to be completed, by an approved signing officer, and returned.
3. The bank, insurance company, or broker (whichever is selected to work with) will review the completed documents and forward to CBSA for approval.
4. CBSA will review the completed bond and Direct Security Letter and communicate any revisions or corrections if required. Once CBSA has approved the bond, the importer will be notified and an Account Security Number (ASN) and approval date is provided.
5. The broker will update their records to include the ASN, approval date, and amount of security indicating that the importer is now registered in the Importer Direct Security Program and has their own Bond for the Release of Goods with CBSA.

This process for bond application and approval with CBSA can take 4-6 weeks.

How does an importer pay duties and taxes with a bond?

CBSA accepts remittance of duties and taxes through online banking, or in person at a CBSA office that is Accounts Receivable Ledger (ARL) enabled. The importer is responsible to pay the duties and taxes by the last business day of the month before 4:30 pm. The CBSA payment cycle runs from the 25th day of the previous month to the 24th day of the current month. On the 25th of each month, a detailed report is sent to importer with a list of all transactions that were accounted for in that period.

Why does an importer have to pay the duties and taxes if they have a Bond?

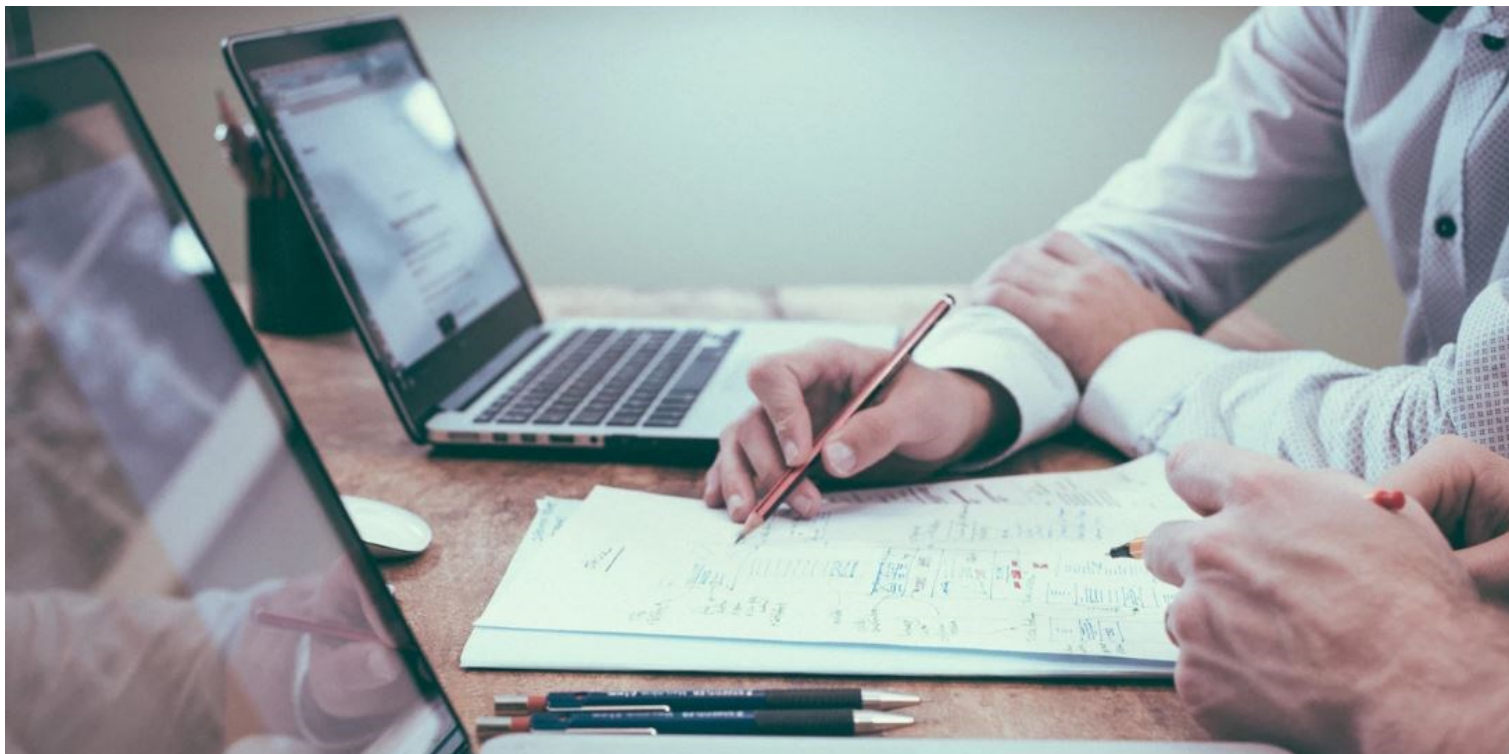
Holding a bond, and enrolling in the Importer Direct Security program, helps facilitate efficient movement of goods by guaranteeing CBSA that all duties and taxes will be paid each month. In the situation that the duties and taxes are not paid, CBSA will obligate the company that issued the bond for payment. Non-payment can also result in penalties and loss of import privileges.

What happens if an importer doesn't have a CBSA Release of Goods Bond?

It is still possible to import into Canada without a CBSA Release of Goods Bond. Under customs regulations, brokers are required to hold a bond with customs. An importer's customs broker will release goods under the broker direct security and pay the duties and taxes on the importer's behalf to customs. Depending on the importer's agreement with their broker, they may require the payment in advance of release of goods, or within a specified payment term.

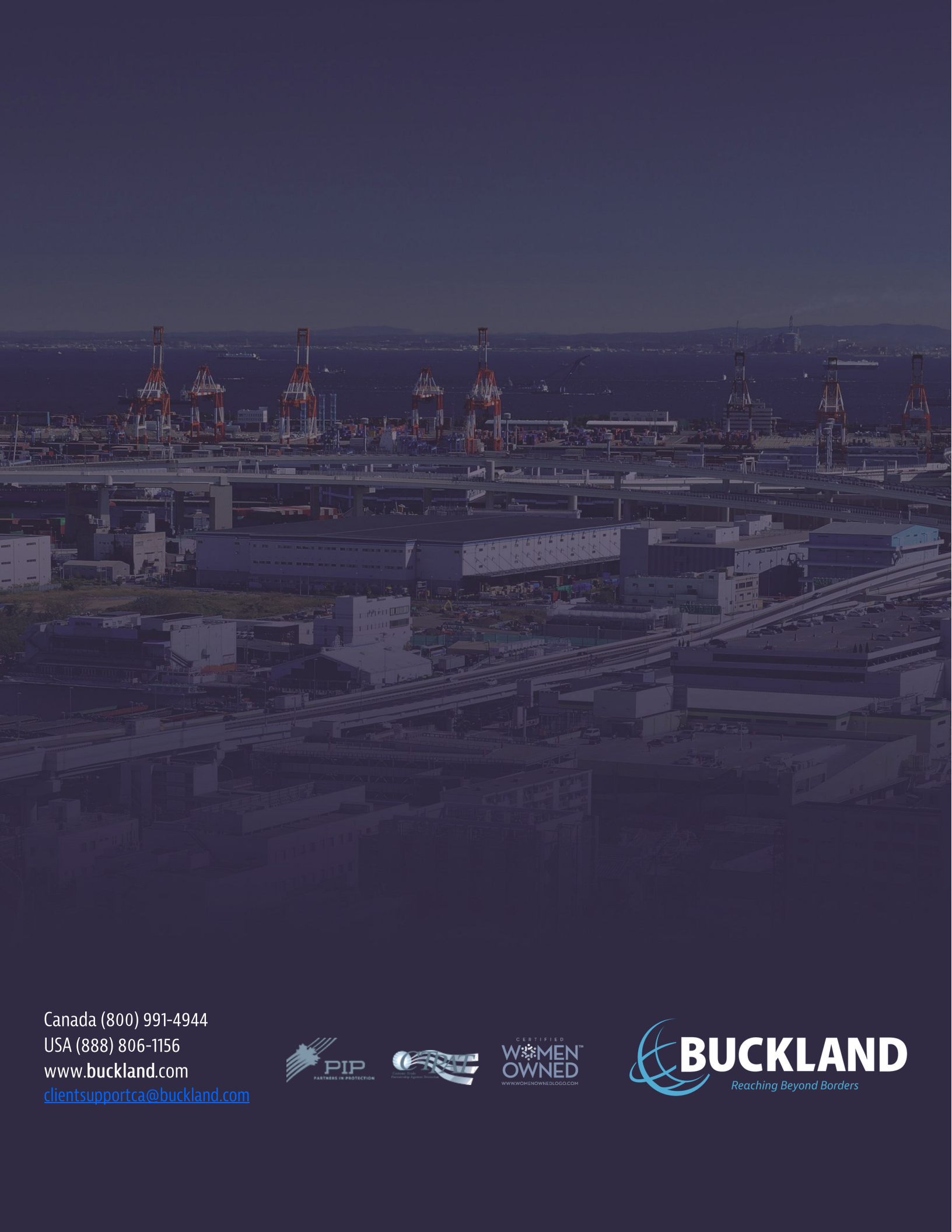
What are the advantages to having a CBSA Release of Goods Bond?

There are several advantages to having a CBSA Release of Goods Bond, including control over payment of duties and taxes to customs. The importer is ultimately responsible to ensure duties and taxes are paid. Importers who have a bond in place and are enrolled in the Importer Direct Security program receive their statement of account reports, and submit these payments directly to CBSA. This eliminates the need for any third parties and ensures the importer's business is in good standing with CBSA.



Questions?

Feel free to contact our service team at clientsupportca@buckland.com. We would be happy to help answer any questions.



Canada (800) 991-4944
USA (888) 806-1156
www.buckland.com
clientsupportca@buckland.com

