



INTRODUCTION TO IMPORTING INTO CANADA

SIX THINGS TO CONSIDER WHEN CHOOSING A BROKER

Keep these factors in mind when selecting a Customs Broker

Selecting a Customs Broker is a big decision for your business and is a choice that should not be made without careful consideration. The right Broker can save you time and money by keeping you protected from delays and penalties.

❑ 1. Technology

In today's digital world, your broker must be on top of the technology of trade and provide useful tools to customers to gain supply chain insights. Electronic Data Interchange (EDI) capability is a must and you should ask to see examples of what Brokers have to offer in regards to their technology and reporting abilities.

❑ 2. Knowledge + Experience

When selecting a Customs Broker, ensure that they have experience in your industry and a depth of knowledge to handle the complexities of your imports and exports. In addition to having this knowledge, be certain that your Broker will share updates on regulatory matters that could impact your business.

❑ 3. Availability + Accessibility

Be sure that your Customs Broker operates 24/7/365 and that it will be simple for you to reach a central point of contact to handle your account. A good Broker will give you a list of dedicated contacts to ensure that help is close at hand when you need it most, whether it is during regular business hours, or after hours.

❑ 4. Related Logistics Services

A Customs Broker becomes a trusted business partner when they can offer a full suite of related services. Trade compliance consulting services, transportation, freight forwarding, warehousing and distribution are all part of optimizing your shipments and ensuring you are covered from start to finish.

❑ 5. Value

An obvious topic to consider in your search will be price, but also be sure to keep *value* in mind. While some Brokers may offer a tempting low price, remember the old adage 'you get what you pay for'. An initial cost savings can quickly turn into added expense through poor service leading to lengthy delays and costly penalties.

❑ 6. Flexibility + Customization

Be sure to ask potential Customs Brokers how their systems will work with your existing methods for importing and exporting. Your Customs Broker should find ways to tailor their services and technology to work best with your systems, not add new challenges to your day.

We hope that this guide has given you some insights into the process of selecting a Customs Broker as your trusted business partner. Please feel free to reach out to us if you have any questions regarding your Customs Brokerage needs.

COMMON LOGISTICS ACRONYMS

ACE	Automated Commercial Environment	GAA	General Agency Agreement
ACI	Advance Commercial Information	GEP	General Export Permit
ACROSS	Accelerated Commercial Release Operating Support System	GIP	General Import Permit
AES	Automated Export System	GIR	General Interpretation Rules
AMPS	Administrative Monetary Penalty System	GST	Goods and Service Tax
AWB	Air Waybill	HS	Harmonized System
BN	Business Number	HST	Harmonized Sales Tax
BOL or B/L	Bill of Lading	HTS	Harmonized Tariff Schedule
CADEX	Customs Automated Data Exchange System	IATA	International Air Transport Association
CAED	Canadian Automated Export Declaration	ICL	Import Control List
CBP	Customs and Border Protection (United States)	IOR	Importer of Record
CBSA	Canada Border Services Agency	ITN	Internal Transaction Number
CCD	Cargo Control Document	LCL/LTL	Less than Container Load / Less Than Load
CCI	Canada Customs Invoice	LVS	Low Value Shipment
CCN	Cargo Control Number	MFN	Most-Favoured-Nation
CETA	Canada-EU Comprehensive Economic and Trade Agreement	NAFTA	North American Free Trade Agreement
CFIA	Canadian Food Inspection Agency	NCR	National Customs Ruling
CIFFA	Canadian International Freight Forwarders Association	NDR	No Declaration Required
CITT	Canadian International Trade Tribunal	NRI	Non Resident Importer
COO	Certificate of Origin	OBL	Original Bill of Lading
CRA	Canada Revenue Agency	OGD	Other Government Department
CSA	Customs Self Assessment	OIC	Order in Council
CSCB	Canadian Society of Customs Brokers	PAPS	Pre Arrival Processing System
CTPAT	Customs Trade Partnership Against Terrorism	PARS	Pre Arrival Review System
DAS	Detailed Adjustment Statement	PGA	Partner Government Agency
DDS	Date of Direct Shipment	PIP	Partners in Protection
DFATD	Foreign Affairs, Trade and Development Canada	POA	Power of Attorney
DHS	Department of Homeland Security	POE	Port of Entry
ECCN	Export Control Classification Number	RIV	Registrar of Imported Vehicles
ECL	Export Control List	RMD	Release on Minimum Documentation
EDI	Electronic Data Interchange	RNS	Release Notification System
EEI	Electronic Export Information	SED	Shipper's Export Declaration
EIPA	Export and Import Permits Act	SIMA	Special Import Measures Act
ETA	Estimated Time of Arrival	SLI	Shipper's Letter of Instruction
FAST	Free and Secure Trade	SWI	Single Window Initiative
FCL/FTL	Full Container Load / Full Truck Load	TC	Transport Canada
FDA	US Food and Drug Administration	TRQ	Tariff Rate Quotas
FPPI	Foreign Principal Party in Interest	VFD	Value for Duty
FTA	Free Trade Agreement	WTO	World Trade Organization

COMMON TRADE & LOGISTICS TERMINOLOGY

The field of trade and logistics is full of industry-specific terminology that you need to know. Buckland is pleased to bring you this guide that simplifies the complex world of logistics.

Air waybill - receipt issued by a carrier to shipper as proof of contract of carriage

Bill of lading - document with detailed list of goods given by the carrier to acknowledge receipt

Certificate of origin - document that details the country where the goods were manufactured

Classification - categorization of goods according to the harmonized tariff schedule

Commercial invoice - customs document used for shipments, used to determine valuation and duty determination

Consignee - individual or business financially responsible for the receipt of a shipment

Cross docking - the movement of goods from supplier or manufacturer directly to the customer or retailer without warehousing

Customs broker - a Licenced professional who is an expert in customs law, classification, tariffs

Demurrage - charges paid to the ship owner/company for delays in loading/unloading

Drayage - transport of goods over a short distance, usually part of a longer move

Electronic data interchange - computer to computer communication for transmission of data

Freight forwarder - person or company that arranges shipments to destinations through one or many carriers

Harmonized tariff schedule - primary resource for determining tariff classifications for imported goods (US / Canada)

Incoterms - series of pre-defined commercial terms published by the Intl. Chamber of Commerce relating to international law

Intermodal - transportation of freight in a container over many types of transportation (i.e. rail, truck, steamship)

Less than load - a shipment is combined with other shipments from other shippers into one container or trailer

Pedimento - import / export declaration document in Mexico

Power of attorney / general agency agreement - document that provides legal authorization to act on another's behalf

Pro forma invoice - estimated invoice document sent by seller to a buyer

Reefer - refrigerated truck, railroad car, ship or container for transportation of temperature sensitive goods

Tariff - tax or duty levied on particular class of imports or exports

Truck load or full truck/container load - shipment loaded to maximum capacity of container or trailer

Warehouse management system - software application to efficiently support operations of a warehouse facility

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 csagroup@buckland.com. We would be happy to help answer any questions.

HOW TO COMPLETE A CANADA CUSTOMS INVOICE

Use this guide to minimize confusion and ensure that you accurately complete your [Canada Customs Invoice](#)

- Vendor (name and address)** - The party selling the goods.
- Date of direct shipment to Canada** - The date the goods departed for Canada (used to calculate exchange rate).
- Other references (include purchaser's order No.)** - i.e. purchase order or commercial invoice number.
- Consignee (name and address)** - The party in Canada who the goods are being shipped to.
- Purchaser's name and address (if other than consignee)** - The name of the party who the goods were sold to. If same as consignee, leave blank.
- Country of transshipment** - Country that goods pass through (without entering economy) on the way to the final destination.
- Country of origin of goods** - Country where the goods were produced. If more than one, list them in field 12.
- Transportation: give mode and place of direct shipment to Canada** - The method of transportation and location the goods shipped from originally.
- Conditions of sale and terms of payment** - Conditions and terms between vendor and purchaser.
- Currency of settlement** - The currency on the invoice used to calculate the value. (i.e. CAD, USD, MXN)
- Number of packages** - The number of packages included in the shipment.
- Specification of commodities (kind of packages, marks and numbers, general description and characteristics, i.e. grade quality)** - Provide a description and describe the type of packages, as well as any notable characteristics.
- Quantity** - Number of each item in field 12 with unit of measure.
- Unit price** - Price per unit, in the currency of settlement (as per how it's sold).
- Total** - Total value for items in field 13.
- Total weight** - Weight for shipment, including the net weight of the goods, and the gross weight with shipping packaging etc. Indicate unit of measure (lbs or kg)
- Invoice total** - Invoice total amount owing from all lines added together in the currency of settlement.
- Commercial Invoice No.** - If there is a commercial invoice included with the shipment paperwork, check the box, and indicate the Commercial Invoice number
- Exporter's name and address (if other than vendor)** - The information for the party who shipped the goods to the consignee, if this differs from the vendor.
- Originator (name and address)** - If the CCI is completed by a party other than consignee or vendor, must include the name of party completing the form.
- Agency Ruling (If applicable)** - If there is a CBSA ruling for the goods, indicate the Ruling number here.
- If fields 23-25 are not applicable, check this box** - Check if these following fields do not apply.
- If included in field 17 indicate amount** - If there are any of these costs INCLUDED in the Invoice total in box 17, note them here.
- If not included in field 17 indicate amount** - If these are any of these costs NOT included in field 17, but that are applicable, note them here.
- Check (if applicable)** - Check this box if those fields apply to your shipment. (i.e. royalties, proceeds)

The image shows a sample Canada Customs Invoice form. The form is titled 'CANADA CUSTOMS INVOICE' and 'FACTURE DES DOUANES CANADIENNES'. It contains various fields numbered 1 through 25, which correspond to the list items provided. The form is divided into several sections, including '1. Vendor', '4. Consignee', '8. Country of origin of goods', '11. Number of packages', '12. Specification of commodities', '13. Quantity', '14. Unit price', '15. Total', '16. Total weight', '17. Invoice total', '18. Commercial Invoice No.', '19. Exports', '20. Originator', '21. Agency Ruling', '22. If fields 23-25 are not applicable, check this box', '23. If included in field 17 indicate amount', '24. If not included in field 17 indicate amount', and '25. Check (if applicable)'. The form also includes a section for '2. Date of direct shipment to Canada', '3. Other references', '5. Purchaser's name and address', '6. Country of transshipment', '7. Country of origin of goods', '9. Conditions of sale and terms of payment', and '10. Currency of settlement'.

HOW TO AVOID BORDER DELAYS

Follow these tips to ensure your shipments clear quickly

When importing and exporting, there are many details that need to be addressed in order to guarantee that a shipment makes it to its destination as quickly as possible. Quick clearances at the border prevent supply chain disruptions and help to avoid unnecessary penalties.

❑ 1. Be certain that your paperwork is complete, accurate and readable

The details matter. Errors, omissions and inconsistencies in documentation are one of the main reasons that shipments are delayed at the border. Pay careful attention to tariff numbers, countries of origin and descriptions when completing documents.

❑ 2. Embrace technology

The use of electronic methods for data transmission ensures speed and reduces the chance of errors. Communicating shipment information via Electronic Data Interchange (EDI) to your broker is a tech-based solution that contributes to efficient quick clearings at the border and provides a method to pre-check the clearance status prior to arrival.

❑ 3. Partner with a Customs Broker

Customs Brokers are licensed professionals who are experts in the complexities of international trade and assist importers and exporters with completing all of the required documentation to clear shipments through the border.

❑ 4. Select a reliable and reputable carrier

A carrier who is certified under customs security programs (C-TPAT in the US or PIP in Canada) and has a solid reputation in the industry can be the difference when it comes to getting your goods to their destination on time.

❑ 5. Research the requirements for your commodity

Knowledge regarding your commodity is essential, including being aware of which government departments (i.e. FDA / CFIA) need to be involved. The end use and composition of the product are examples of data used to determine import requirements.

We hope that this guide has given you some insights into best practices to avoid border delays. Please feel free to reach out to us if you have any questions or if you would like more information.



CUSTOMS 101 CANADA WEBINAR



[CLICK HERE FOR VIDEO VERSION](#)

CUSTOMS BROKER

Customs brokers are licensed by Customs to carry out customs related responsibilities on behalf of their clients, or importers of record.

Some services provided by customs brokers include:

- Obtaining the release of imported goods
- Paying duties/taxes on behalf of the importer
- Accounting for the goods
- Paying carrier charges on behalf of the importer
- Obtaining, preparing and presenting or transmitting the necessary customs release documents or data required by CBSA



CANADA BORDER SERVICES AGENCY (CBSA)

The Canada Border Services Agency (CBSA) is the government department responsible for ensuring compliance with Canada's tax, trade and border legislation and regulations. It is also responsible for making sure that all Participating Government Departments and Agencies (PGAs) requirements are met before goods are allowed to enter Canada.

All necessary customs documentation pertaining to goods being imported into Canada are submitted to the CBSA for approval to release the goods into Canada. The CBSA reserves the right to deny access to any goods into the country, to search or seize the imports, or request additional information about any and all goods imported into Canada.

IMPORTER OF RECORD

The importer of record is responsible for the payment of all duties and taxes and accuracy of information presented and, ultimately, is liable for any fines or penalties resulting from missing or inaccurate information.

- The importer is also responsible for ensuring they have all the necessary import permits and special certificates in place. In most cases, importers hire a customs broker to obtain this information on their behalf.
- Importers are also required to keep books and records to substantiate what goods were imported, quantities, prices paid and origin of the goods. These records must be kept for six years after the year in which the goods were imported. The records can be kept in either paper or electronic format.





EXPORTER / VENDOR

- The exporter often arranges for transportation of goods and supplies the carrier with customs documentation required to ship the goods.
- The exporter is responsible for completing a valid USMCA Certificate of Origin
- The exporter can act as the importer of record however must comply to the same rules and regulations as a US/Canadian company that is the importer of record. These documents are given to the carrier who presents them to the customs broker selected by the importer of record.

CBSA DOCUMENTATION REQUIREMENTS



Customs documents are the set of documents required by a customs authority to accurately and completely identify goods which are being imported. Every country has its own specific rules and regulations governing information and documentary requirements.

As the importer of record, you are responsible to ensure that all of the required data elements for CBSA are on the customs invoice regardless of the value of the goods. Failure to do so may result in the communication of incorrect information to Canada Customs, which could result in penalties to you as the importer of record.

DOCUMENTATION REQUIREMENTS

The CBSA requires the vendor of the goods to prepare either a CCI or commercial invoice for all shipments entering Canada. These forms are important for the determination of the classification of the goods, the value for duty, tax and duty rate, and tariff treatment.

[Canada Customs Invoice](#)

The commercial invoice can be used to clear Customs provided that all of the required information that should be entered on a CCI is captured. This can eliminate duplication in processing paperwork.

The required data elements on a CCI are as follows:

- vendor name and address,
- date of direct shipment to Canada,
- exporter name and address consignee name and address,
- purchaser name and address (if different from the vendor),
- country of origin of each of the goods being imported to Canada,
- terms of sale: (sale, consignment, repair, discounts etc),
- currency of value,
- complete description of goods,
- quantity,
- price,
- indicate if freight charges are included in the value of the goods,
- HS Classification code of goods (if available)

DOCUMENTATION REQUIREMENTS



CUSMA Certificate of Origin

IT IS THE IMPORTER OF RECORDS RESPONSIBILITY TO:

1. Ensure a copy of the Certificate of Origin is on file at the time goods are imported into Canada;
2. Ensure Buckland has a copy of the Certificate before the goods are imported or at the time of import into Canada;
3. To notify Buckland within 30 days from the date of knowledge to pay the duties owing on goods that no longer qualify as USMCA originating, and;
4. To review the certificate received from your vendor to ensure completion and consistency of the certificate.

BILL OF LADING

A **BILL OF LADING** is a document which is issued by the transportation carrier to the shipper acknowledging that they have received the shipment of goods and that they have been placed on board a particular transporter which is bound for a particular destination and states the terms in which these goods received are to be carried.





B13 EXPORT DECLARATION

Declaration required to be filed by Canadian exports for commercial shipments to countries other than the United States valued at \$2,000 CDN or more.

IMPORT PERMITS AND SPECIAL PERMITS

Many goods subject to Participating Government Departments and Agencies (PGAs) requirements need special permits, certificates or other paperwork, in addition to the standard customs documentation. In some cases, shipments may require examination by customs officers to verify marking or proper labeling. In others, qualified inspectors, working on behalf of the PGA in question, must review the documentation and/or examine the goods prior to release.

- Often the data needed to satisfy PGA requirements is not normally provided with the shipment. It must then be supplied by the customs broker at the time of customs entry.
- PGAs are becoming more stringent with regard to imports. What's more new additional PGA requirements are being implemented all the time.



REPORTING DISCREPANCIES

- Overages and shortages of goods need to be reported to CBSA when they are reported to you.
- You also need to report any changes in value that can affect your import into Canada. If you know that there will be differences in pricing, like retro pricing, we should know as soon as you know.



RECORD KEEPING

Every person who is required by subsection 97.2(1) of the Act to keep records in respect of commercial goods exported shall keep:

1. any written report required to be made in accordance with section 4 of the regulations;
2. any certificates, licenses, permits or other documents relating to the goods exported and provided in accordance with section 10 of the regulations
3. Existing regulations state: 6 years plus current



AMPS Penalty for not keeping records C195:

- \$1,000 first
- \$5,000 second
- \$10,000 third
- \$25,000 fourth and subsequent

ADMINISTRATION MONETARY PENALTY SYSTEM (AMPS)

- Under authority of the Customs Act, AMPS applies to customs commercial shipments
- Objective to correct non-compliance & establish a level playing field for importers
- Largely replaces seizure and forfeitures as an enforcement tool
- Imposes penalties in proportion to the type, frequency & severity of the infraction
- D22-1-1 covers the regulations for penalties

EXAMPLES ARE:

C080 Importer failed to correct origin of goods (FTA) within 90 days.
\$100 first - \$200 second - \$400 third and subsequent

C154 Importer failed to keep records in prescribed manner.
\$1,000 first - \$5,000 second - \$10,000 third - \$25,000 subsequent

BORDER SECURITY



Post 9/11 US Customs Border Protection Agency (CBP) & CBSA concentrated their focus on increasing overall effectiveness of the respective border security programs

The Canada & US signed Smart Border Declaration on December 12, 2001

The purpose of the bi-lateral agreement was to increase border security while continuing to facilitate trade and travel between Canada and US

FOCUSED ON:

- Secure flow of people (NEXUS)
- Secure flow of goods (FAST)
- Secure infrastructures (Advance Cargo Reporting)
- Information sharing, co-ordination in the enforcement of these objectives (C-TPAT & PIPS)