

3.5 EXECUTION PHASE

EXHIBIT P – Origin (Tariff Treatment) Importer

Document Name	Origin (Tariff Treatment) Importer
Document Number	3.5 P
When/How Used	The following procedures should be used when reviewing the origin documentation of goods during the course of importer verifications (multi-program) where a preferential tariff treatment has been claimed.
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Division	Compliance Management HQ
Contact	Contact your local compliance verification office at: http://cbsa.gc.ca/contact/listing/indexpages/index-e.html
Other Stakeholders	

Verification – Tariff Treatment: Importers

There are two components to the tariff treatment verification:

1. Proof of Origin Verification Procedures under North American Free Trade Agreement (NAFTA), Canada-Chile Free Trade Agreement (CCFTA), Canada-Israel Free Trade Agreement (CIFTA) and Canada-Costa Rica Free Trade Agreement (CCRFTA), and for textile and apparel goods under the Least Developed Country (LDC); and
2. Proof of Origin Verification Procedures for goods under non-free trade agreements (excluding textile and apparel goods under the LDC).

1. Proof of origin verification procedure: NAFTA, CCFTA, CIFTA, CCRFTA, and textile and apparel goods under LDC

COMPANY _____
PERIOD _____

FILE NO. _____
TO _____

The verification of the proof of origin supporting a claim for a preferential tariff treatment (PTT) under a free trade agreement (FTA), such as NAFTA, CIFTA, CCFTA and CCRFTA, and for textile and apparel goods under the LDC is conducted under the authority of section 35.1 of the *Customs Act*.

It is incumbent upon the importer to support the claim for a PTT. Therefore, all correspondence should be directed to the importer only. Under this component, the CBSA should not request any information from the exporter or producer to support the origin of the goods as this is addressed through the conduct of a single program exporter origin verification/audit.

Verification Objectives

1. To ensure that the certificate of origin (CO) supporting the claim is completed in accordance with the *Proof of Origin of Imported Goods Regulations* and the *Rules of Origin Respecting the General Preferential Tariff and Least Developed Country Tariff*.
2. To ensure that the direct shipment requirements have been met.
3. To ensure that, when the CIFTA PTT has been claimed and the place of export is the United States, there is a Declaration of Minor Processing in addition to the CO (Refer to CN453 Appendix for importer obligations).

Procedures

ORIGIN (TT) VERIFICATION PROCEDURES	DONE BY	REF.
<p><u>Objective 1: Analysis of the CO</u></p> <p>When claiming a PTT for any goods under a FTA or textile and apparel goods under the LDC, a CO issued by the exporter or producer of the goods, certifying the goods as originating, must be presented, upon request, to support the claim.</p> <p>Note: The Proof of Origin does not have to be submitted with the accounting documents, but must be provided when requested by the CBSA. Allow a minimum of 5 working days from the date requested before denying PTT. In addition, photocopies are acceptable. However, the officer may at any time request the original proof of origin from the importer. Failure to provide the original may result in the withdrawal of the preferential tariff treatment.</p>		
<p>1. Identify all sample items claiming a PTT; then, request the supporting CO from the importer and, for LDC goods, the Multiple Country Declaration, if available (the importer is under no obligation to have or to provide it). <i>Note: FTA shipments less than CAN\$1,600 do not require a formal CO, but rather a statement on the invoice to the effect that the goods originate and satisfy the rules of origin requirements. There are no special provisions for low value shipments under the LDC.</i></p>		
<p>2. Analyze the COs and ensure that they have been correctly filled out, as per the instructions.</p>		
<p>3. Ensure that the CO is signed. If not, request a revised CO. Comment in the workbook has to the possible lack of knowledge of proof of origin requirements.</p>		
<p>4. Ensure that the CO is signed by someone who could be reasonably expected to have knowledge of the information provided. For example, a clerk in multi-national computer company could not be expected to have that knowledge. Comment in the workbook has to the possible lack of knowledge of proof of origin requirements.</p>		

ORIGIN (TT) VERIFICATION PROCEDURES	DONE BY	REF.
5. Ensure that the country of origin can benefit from the PTT. If the country is incorrect, request a revised CO. In the case of the LDC, eligible countries are all countries designated as LDC, with the exception of Burma.		
6. Ensure that there is a link between the exporter identified on the CO and the commercial invoice. If not, comment in the workbook has to the lack of knowledge of proof of origin requirements.		
<p>7. Ensure that the preference criterion indicated can apply to the good being imported. For example, under FTAs, it is unlikely that preference criterion A (wholly obtained/produced) can be applied to manufactured goods.</p> <p>Under the LDC, when the good is listed under Part C1 (see LDC Regulations - D11-4-4) and the criterion is D or E, ensure that no information indicates that the fabric and/or yarn do not originate outside a GPT or LDC country (i.e. Taiwan) – such information can be obtained through a multiple country declaration – otherwise, the good does not meet the rule of origin.</p> <p>If the criterion is incorrect, request a revised CO. Comment in the workbook has to the lack of knowledge of proof of origin requirements.</p>		
8. For FTAs, when Net Cost is indicated, ensure that the specific rule of origin for the good requires a Regional Value Content. Should there be an error (NC indicated, but the no rule has no RVC), request a revised CO. Comment in the workbook has to the lack of knowledge of proof of origin requirements.		
9. For FTAs, ensure that the time period indicated on the CO does not exceed 12 months and covers the goods at the time of import. If not, request a revised CO.		

ORIGIN (TT) VERIFICATION PROCEDURES	DONE BY	REF.
10. For FTAs, ensure that the tariff classification matches the description of the good on commercial invoice and B3, by consulting the <i>Applicable Preferential Tariffs</i> columns in the HS Schedule to the <i>Customs Tariff</i> . Where the tariff classification declared is incorrect, identify the impact on the tariff treatment claim. If necessary, request revised proof of origin. Comment in the workbook has to the lack of knowledge of proof of origin requirements. In the case of the LDC, the CO does not require a tariff item.		
11. Determine whether or not the CO properly supports the PTT claimed by the importer, and include your findings in the Final Verification Report.		
12. Document your findings. There is an error when the requested CO or revised CO is not provided within the allotted time. In the case of the LDC, there is an error when the good claiming PTT is listed under Part C1 (see LDC Regulations - D11-4-4), the criterion is D or E, and the fabric and/or yarn do not originate in a GPT or LDC country (i.e. Taiwan). Hence, a re-determination under subsection 59(1) of the <i>Customs Act</i> should be made and the importer informed of the decision, his obligations and rights. For the specific LDC scenario, a copy of those transactions should be forwarded to the OPCU.		
13. Record results in the Compliance Management Workbook (Multi-program verifications only) and detail the mistakes noted in the CO/revised CO in the comment section. The CM workbook calculates the percentage of errors, which will be included in the Final Report to the client		
<p><u>Objective 2: Review Direct Shipment Requirements</u></p> <p>Under the NAFTA, CIFTA, CCFTA or CCRFTA, goods must be shipped directly to Canada from the FTA territory or, in the case of the LDC, from the LDC where the goods were finished, with or without transshipment, in accordance with the Direct Shipment and Transshipment Requirements of the <i>Customs Tariff</i>.</p>		
1. Request a copy of the bill of lading for each sample item to ensure that the shipping route satisfied the requirements of the FTA or LDC.		

ORIGIN (TT) VERIFICATION PROCEDURES	DONE BY	REF.
2. Determine whether or not the goods satisfied the direct shipment requirements of the FTA or LDC, and incorporate these conclusions into the Final Verification Report.		
3. Document your findings. There is an error when the shipping requirements are not met. Hence, a re-determination under subsection 59(1) of the <i>Customs Act</i> should be made and the importer informed of the decision, his obligations and rights.		
4. Record results in the Compliance Management Workbook (Multi-program verifications only). The CM workbook calculates the percentage of errors, which will be included in the Final Report to the client.		
<p><u>Objective 3: Canada-Israel Minor Processing</u></p> <p>The CIFTA was amended to allow for certain goods to undergo minor processing in the United States prior to export to Canada. These procedures are to be used when a PTT under CIFTA is claimed and the country of export or the place of transshipment is the United States.</p>		
1. Request the Declaration of Minor Processing from the importer when requesting the CO.		
2. Review the Declaration of Minor Processing to ensure that it has been completed correctly, as per instructions.		
3. Ensure that the information in fields 1, 2, 4, 5 or 6 is complete. If missing or insufficient, request an amended Declaration of Minor Processing (allow a minimum of five days). Comment in the workbook has to the lack of knowledge of proof of origin requirements.		
4. Ensure that there are no indications of more than minor processing or processing beyond 10% of the transaction value being conducted in the United States. Comment in the workbook has to the lack of knowledge of proof of origin requirements.		

ORIGIN (TT) VERIFICATION PROCEDURES	DONE BY	REF.
5. Determine whether or not the Declaration of Minor Processing has been filled out correctly and whether or not there are indications of more than minor processing being conducted in the United States, and incorporate these conclusions in the Final Verification Report.		
6. Document your findings. There is an error when the amended Declaration of Minor Processing is not provided within the allotted time or the information is inadequate. Hence, a re-determination under subsection 59(1) of the <i>Customs Act</i> should be made and the importer informed of the decision, his obligations and rights.		
7. Record results in the Compliance Management Workbook (Multi-program verifications only). The CM workbook calculates the percentage of errors, which will be included in the Final Report to the client.		

2. Proof of origin verification procedures: non-FTA and non-textile and apparel goods under LDC

COMPANY _____ FILE NO. _____
PERIOD _____ TO _____

The verification of proof of origin supporting a claim for a tariff treatment under a non-free trade agreement (i.e., Australia, New Zealand, Least Developed Countries (excluding textile and apparel goods), and Commonwealth Caribbean Countries) is conducted under the authority of Section 42.01 of the *Customs Act*.

It is incumbent upon the importer to support the claim for tariff treatment. ***Therefore, all correspondence should be directed to the importer only.***

Verification Objectives

1. To ensure that proof of origin supporting the claim is completed in accordance with the *Proof of Origin of Imported Goods Regulations* and the *Rules of Origin Respecting the General Preferential Tariff and Least Developed Country Tariff*.
2. To ensure that the direct shipment requirements have been met.

Procedures

ORIGIN (TT) VERIFICATION PROCEDURES	DONE BY	REF.
<p><u>Objective 1: Analysis of the proof of origin</u></p> <p>When claiming a PTT for any goods under a non-FTA (excluding textile and apparel goods under the LDC), a proof of origin must be presented, upon request, to support the claim.</p> <p>Note: The Proof of Origin does not have to be submitted with the accounting documents, but must be provided when requested by the CBSA. Allow a minimum of 5 working days from the date requested before denying PTT. In addition, photocopies are acceptable. However, the officer may at any time request the original proof of origin from the importer. Failure to provide the original may result in the withdrawal of the preferential tariff treatment.</p> <p>If the proof of origin is in any other language than French or English or incomplete, allow a minimum of 5 working days for the importer to obtain from the exporter a translated or correct document.</p>		

ORIGIN (TT) VERIFICATION PROCEDURES	DONE BY	REF.
<p>1. Identify all sample items NOT claiming a FTA PTT and all non-textiles and apparel goods claiming PTT under the LDC, and then request the supporting proof of origin.</p> <ul style="list-style-type: none"> • For General/MFN tariff treatment, accept the claim as is. No further verification required. • For Australia and New Zealand PTT, the proof of origin is a Canada Customs Invoice, commercial invoice or other document, indicating origin of the goods (beneficiary country). • For LDC (except for textiles and apparel goods) and Commonwealth Caribbean Countries PTT, proof of origin is either Form A - Certificate of Origin or the Exporter's Statement of Origin. 		
<p>2. Analyze the proofs of origin and ensure they have been correctly filled out, as per the instructions.</p>		
<p>3. Where applicable, ensure that the proof of origin is signed. If not, request a revised proof of origin. Comment in the workbook has to the possible lack of knowledge of proof of origin requirements.</p>		
<p>4. Where applicable, ensure that the proof of origin is signed by someone who could be reasonably expected to have knowledge of the information provided. For example, a clerk in multi-national computer company could not be expected to have that knowledge. Comment in the workbook has to the possible lack of knowledge of proof of origin requirements.</p>		
<p>5. Ensure that the country of origin can benefit from the PTT. If the country is incorrect, request a revised proof of origin.</p>		
<p>6. Ensure that there is a link between the exporter identified on the proof of origin and the commercial invoice. If not, comment in the workbook has to the lack of knowledge of proof of origin requirements.</p>		

ORIGIN (TT) VERIFICATION PROCEDURES	DONE BY	REF.
7. Where applicable, ensure that the preference criterion indicated can apply to the good being imported. If the criterion is incorrect, request a revised proof of origin. Comment in the workbook has to the lack of knowledge of proof of origin requirements.		
8. When applicable, ensure the Regional Value Content meets the requirements of the specific rule of origin for the good. Should there be an error, request a revised proof of origin. Comment in the workbook has to the lack of knowledge of proof of origin requirements.		
9. Ensure that the tariff classification matches the description of the good on proof of origin, commercial invoice and B3, by consulting the <i>Applicable Preferential Tariffs</i> columns in the HS Schedule to the <i>Customs Tariff</i> . Where the tariff classification declared is incorrect, identify the impact on the tariff treatment claim. If necessary, request an amended proof of origin. Comment in the workbook has to the lack of knowledge of proof of origin requirements.		
10. Determine whether or not the proof of origin properly supports the preferential tariff treatment claimed by the importer, and include your findings in the Final Verification Report.		
11. Document your findings. There is an error when the requested proof of origin, revised or translated proof of origin are not provided within the allotted time. Hence, a re-determination under subsection 59(1) of the <i>Customs Act</i> should be made and the importer informed of the decision, his obligations and rights.		
12. Record results in the Compliance Management Workbook (Multi-program verifications only) and detail the mistakes noted in the proof of origin in the comment section. The CM workbook calculates the percentage of errors, which will be included in the final report to the client.		

ORIGIN (TT) VERIFICATION PROCEDURES	DONE BY	REF.
<p><u>Objective 2: Review Direct Shipment Requirements</u></p> <p>Under the non-FTA and for all goods except textile and apparel under the LDC, goods must be shipped directly to Canada in accordance with the Direct Shipment and Transshipment Requirements of the <i>Customs Tariff</i>. Refer to the definition of through bill of lading at the end of this section.</p>		
<p>1. Request a copy of the bill of lading for each sample item to ensure that the goods are shipped directly to a consignee in Canada from a beneficiary country.</p>		
<p>2. Determine whether or not the goods satisfied the direct shipment requirements of the non-FTA or LDC, and incorporate these conclusions into the Final Verification Report.</p>		
<p>3. Document your findings. There is an error when the shipping requirements are not met. Hence, a re-determination under subsection 59(1) of the <i>Customs Act</i> should be made and the importer informed of the decision, his obligations and rights.</p>		
<p>4. Record results in the Compliance Management Workbook (Multi-program verifications only). The CM workbook calculates the percentage of errors, which will be included in the Final Report to the client.</p>		

Through Bill of Lading (TBL)

The TBL is a contract to convey goods from one point to another. Its purpose is to ensure the direct shipment of goods from the country of origin to a consignee in Canada. The TBL is one single document issued prior to the goods beginning their journey when the carrier assumes care, custody and control of the goods.

A through bill of lading usually contains the following information:

- a) the identity of the exporter in the country of origin;
- b) the identity of the consignee in Canada
- c) the identity of the carrier or agent who assumes liability for the performance of the contract;
- d) the contracted routing of the goods identifying all points of transshipment;
- e) a full description of the goods and the marks and numbers of the packages; and
- f) the place and date of issue.

- An amended TBL may be accepted as proof of direct shipment in situations where documentation errors have occurred and the amendment corrects an error in the original document. (If there is an error on the through bill of lading which is inconsistent with the actual intent of both parties and the parties subsequently agree to amend the written contract to bring it in line with the actual movement of the goods, the CBSA will recognize the amended contract for the purposes of applying Section 17 of the *Customs Tariff*.)
- If a TBL does not include all points of transshipment, is not fully detailed or if goods were stored in a warehouse, other documentation such as waybills or temporary entry warehouse documents may be requested in addition to the TBL.
- Air cargo is usually transhipped in the air carrier's home country even though no transshipment is shown on the house air waybill. Therefore, where goods are transported via air, freight, the house airway bill is acceptable as a TBL.
- Note that the format of the through bill of lading varies substantially depending on the mode of transportation such as rail and sea and from carrier to carrier. Therefore you may encounter express bills of lading, sea waybills, and air waybills to name a few.
- These different bills are acceptable as long as the information we are looking for, such as the point where the shipper accepts custody of the goods and the point where it will release the goods, the routing, the carrier etc. is on the document.

Consignee

In order to fulfill the direct shipment requirement, goods must be shipped to a consignee in Canada. The consignee is the person or company, whether the importer, agent or other party in Canada, to which goods are shipped under a TBL and so named in the bill. In circumstances where goods are consigned "to order", the TBL is acceptable as evidence of direct shipment as long as the party within Canada to whom the goods are shipped is identified on the TBL, usually in the "Notify Party" field.

Transshipment

The act of taking cargo out of one conveyance and loading it into another conveyance. This includes the act of taking cargo out of one conveyance and reloading it into the same conveyance. The landing of an airplane for refuelling or docking of a ship to take on additional cargo does not constitute transshipment if the goods in question are not unloaded from the conveyance.

Transshipment through a non-beneficiary country is allowed if all requirements are met:

- Goods remain under CBSA control in the intermediate country; not entered for trade or consumption in that country
- Goods are not stored more than 6 months in the intermediate country
- Goods do not undergo any further operation in the intermediate country (other than unloading, reloading or splitting up of loads, or any other operation required to keep the goods in good condition).