

SECTION 4 – SUPPLEMENTAL VERIFICATION PROCEDURES

Section 4.4 – Customs Self Assessment Importer Verification Procedures

Document Name CSA Importer Verification Procedures
Document Number 4.4

When/How Used Procedures to assist the CVO when doing a verification on a Customs Self Assessment importer.

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Document Owner

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 Procedures for
Customs Self Assessment
Importers***

Table of Contents

BACKGROUND4

GENERAL AND LEGISLATIVE OVERVIEW OF CSA IMPORTERS.....5

PUBLICATIONS PERTAINING TO CSA IMPORTERS7

CUSTOMS SELF ASSESSMENT (CSA) IMPORTER VERIFICATION PROCEDURES.....8

Background

The Customs Self Assessment (CSA) program provides approved importers with the benefits of a streamlined accounting and payment process for all imported goods. The streamlined accounting and payment process ends the need for importers to maintain separate and costly customs processes, allowing them to use their own business systems to fully self assess and meet their customs obligations.

The CSA program also gives approved importers, approved carriers, and registered drivers the benefits of a streamlined clearance option for CSA eligible goods. The streamlined clearance process ends the need for transactional transmissions of data related to eligible goods. This allows for the clearance of goods based on the identification of the approved importer, approved carrier, and registered driver.

Free and Secure Trade (FAST) is a joint program between CBSA, Citizenship and Immigration Canada, and the U.S. Customs and Border Protection that offers expedited clearance processes for eligible goods to pre-authorized importers, carriers, and drivers. In Canada, FAST builds on principles of the CSA program and the security measures built into the Partners in Protection (PIP) program. FAST participants can obtain facilitated clearance in both countries through dedicated FAST lanes and/or dedicated FAST booths

The nature of the CSA/FAST program requires some modifications to the verification process. These changes are outlined in the following procedures, especially those related to the Planning Phase and the need for interaction with the CSA/FAST unit.

Also included is a general and legislative overview of the CSA program and a listing of relevant publications.

General and Legislative Overview of CSA Importers

The CSA program involves a three-part application and approval process.

Part I -- Risk Assessment

The application process involves a risk assessment of the importer or carrier.

Importers will have to give detailed information such as:

- their corporate structure and Business Number;
- key business activities and products;
- company policies to minimize risk; and
- upon request, a quarterly report or the most recent audited financial statement.

Part II -- Books and Records and Business Systems

Importers will be asked to demonstrate that their books and records and business systems have, or will have, the necessary linkages, controls, and audit trails to support CSA program requirements such as:

- an account security number;
- the accounting option selected;
- an internal business monthly cut-off date;
- a business system trigger for CBSA accounting;
- a way to capture the receipt date in the commercial system;
- a way to distinguish commercial importations from domestic purchases; and
- a sweep process to account for goods not accounted for by trigger.

Part III -- Client Undertaking

CSA-approved importers are asked to sign a Client Undertaking document, which will include an outline of the roles and responsibilities of the importer or carrier, agreed-on accounting and payment time frames, and references to possible contraventions and resultant penalties. The document will also outline how the CSA importer and the CBSA can work together to suppress contraband smuggling.

What are the benefits of the CSA program?

The CSA program will reduce costs for the private sector by:

- ending the transactional transmissions of data elements;
- ending the need for artificial systems;
- increasing the certainty of expedited CBSA processing;
- making it easier for clients to meet their obligations; and
- streamlining legitimate trade.

Section 2 of the *Customs Act* states that the meaning of “release” includes, “*to receive the goods at the place of business of the importer, owner or consignee.*” This meaning applies to CSA eligible goods that are authorized for delivery to, and have been received at, the place of business of the importer, owner, or consignee.

Section 3 of the *Customs Act* states that a CSA importer is to make payment to the account of the Receiver General, in the prescribed manner, and within the prescribed time, at:

- a bank;
- a credit union;
- a corporation authorized by an Act of Parliament or of the legislature of a province to carry on the business of offering its services as a trustee to the public; or
- a corporation authorized by an Act of Parliament or of the legislature of a province to accept deposits from the public.

Paragraph 32 (2) (b) of the *Customs Act* provides for release of goods prior to accounting when the goods are received at the place of business of the importer, owner or consignee of the goods.

Under the CSA program, the CBSA no longer provides the importer with a release decision when goods are reported to the CBSA. It is the responsibility of the importer to self-identify all goods for which accounting under section 32 of the *Customs Act* is required. The mechanism used by the importer to self-identify goods for accounting is referred to as the “accounting trigger.”

Subsection 32 (3) of the *Customs Act* establishes that goods released under subsection 2 be accounted for, within the prescribed time, and in the manner described in paragraph 1(a) of the Act.

Shipments imported into Canada by a CSA importer, under a non-CSA service option, are subject to the security provisions described in section 35 of the *Customs Act* for release prior to payment privileges, and an account security number is required to effect a custom release decision.

When a correction is made under section 32.2 of the *Customs Act*, the importer is required to pay interest at the prescribed rate from, the date the additional amount would have otherwise been payable, until the day it is paid. Interest is calculated at the prescribed rate when the importer is self-assessing, except in the case of interest on late transaction payment, which is calculated at the specified rate.

CSA eligible goods may be defined as goods that may be transported into Canada without CBSA intervention, at the first point of arrival pursuant to the *Customs Act* or any other Act of Parliament or any regulation thereto, that prohibits, controls, or regulated the importation of goods. Eligible goods may include controlled and regulated goods, for which an alternate agreement with the regulating body exists.

A monthly sweep is defined as a process within the importer’s business systems that will identify unmatched orders/receipts/invoices, to ensure that all goods are accounted for and duty paid in accordance with the *Customs Act*.

Publications Pertaining to CSA Importers

The following documents and Web sites will be useful for performing a verification on a CSA importer:

D-Memorandum:

- D-series Memorandum (available at: <http://www.cbsa-asfc.gc.ca/publications/dm-md/menu-eng.html>)
- Interest and Penalty Provisions Relating to Self-adjustments, Re-determinations, further Re-determinations and Duty Relief Programs, D-11-6-5.
- Self-Adjustments to Declarations of Origin, Tariff Classification, Value for Duty, and Diversion of Goods, D-11-6-6

Web sites:

Information on CSA, FAST and Partners in Protection (PIP) is available at the following Internet sites:

- CSA <http://www.cbsa-asfc.gc.ca/import/csa/menu-e.html>
- FAST <http://www.cbsa-asfc.gc.ca/import/fast/menu-e.html> - information
- PIP <http://www.cbsa-asfc.gc.ca/general/enforcement/partners/menu-e.html>

Importer Verification Procedures Customs Self Assessment (CSA)

Pre-Planning Phase

Pre-Planning takes place prior to the start of the verification process. The methods and level of Pre-Planning will vary, both by region and by type of verification. Information gathered during the Pre-Planning Phase is used to start building the client profile.

Follow the steps outlined in Section 3.3, as these procedures are the same for all clients. During the Pre-Planning Phase, validate whether the verification period covers entries prior to CSA participation. If the verification period covers entries accounted for after CSA approval, then request the entry type when running your FIRM requests.

Planning Phase

In this phase, the CVO or verification team becomes familiar with the company and commodity or issues that are subject to the verification, by gathering the following information:

- the type of products imported within the national priority commodity sector;
- who the main foreign vendors/suppliers for the priority commodity are;
- what the tariff classification and tariff treatments are for the priority commodities;
- what the relative volumes of imports for the specific classifications and tariff treatments are if the company imports seasonal merchandise;
- related party transactions, if any; and
- verification concerns or issues that need clarification and/or special attention.

This information will assist in identifying representative transactions that will be reviewed, to test the client's compliance levels. (If this client was selected for measurement, the transactions to be verified will be provided). It will also assist in the selection of a representative sample that covers issues such as classification, vendors, major products and specific issues. This stage of the Planning Phase will help determine the extent of verification procedures necessary to draw conclusions and make valid recommendations.

1.0 Open Client File

The administrative considerations related to the upcoming verification are attended to in a manner that will facilitate the verification and provide a basis for accountability and subsequent review.

Follow the steps outlined in Section 3.4, Steps 1.1 - 1.3 as these procedures are the same for all clients.

2.0 Notify the Client

The client is apprised of the upcoming verification in a professional and courteous manner, as per the Verification Standards (2.7, of Section 2). Sufficient notice and preparation time for the client should be provided.

Follow the steps outlined in Section 3.4, Steps 2.1 - 2.3.2, as these procedures are the same for all clients.

The Notification letters will need to be modified to remove the reference to Systems Questionnaire and replace with Release/Reporting Systems Questionnaire. Remove the reference to the CBSA On-Site Verification Information Sheet as an attachment.

Include an initial list of materials and documents needed by the verification team. (See Section 4.4, Exhibit A Information Required by the CBSA)

Systems review information can be obtained from the CSA Compliance Manager. Most of the information is provided in the Business Systems Flow section of the CSA Program Importer Part II application. Request, from the importer, a description of their policies and procedures relating specifically to their Release/Reporting System, as the CSA Compliance Manager does not request this information. (See Exhibit B, Release/Reporting System Questionnaire)

3.0 Research Client Import History

This step builds on the profiling done in Section 3.3 during the pre-planning for the client and the information captured in this step should be included in Exhibit J, Verification Planning Memorandum (VPM), in Section 3.3. This step should be initiated while the CVO is awaiting a response from the client to the notification letter and continues following receipt of the requested information from the client. The objectives are to gather additional knowledge relating to the client's business; to verify the tariff classifications utilized by the client; to determine significant vendors; to identify tariff treatments used by the client; to understand the production cycles and related seasonal merchandise the client deals with; to make relevant comparisons to determine trends; to identify concerns specific to the client; and to create a permanent reference file that will form part of the verification working papers.

Follow the steps outlined in Section 3.4, Steps 3.1 - 3.7 as these procedures are the same for all clients.

4.0 Verification Planning Memorandum

The Verification Planning Memorandum (VPM) summarizes the information gathered during the Planning Phase and outlines the scope and issues of the verification; the verification period under review; summarizes the vendors and commodities to be reviewed; locations to be visited; and assignment responsibilities. (See Section 3.4 Exhibit J, Verification Planning Memorandum, for a sample VPM.

Follow the steps outlined in Section 3.4, Steps 4.1 - 4.4.7, as these procedures are the same for all clients. Note: if the client is a CSA participant or applicant, the CSA Compliance Manager should be invited to attend the open and closing meetings.

NOTE: The first two charts in the Import History section of the VPM must be completed for all verifications. The remainder of the Import History may not be required for some SP verifications.

NOTE: Tombstone information and risk assessments concerning the CSA importer should be obtained from the CSA Compliance Manager. This will avoid duplication of information requests to the importer, as well as internal duplication.

Execution Phase

At this Phase, execute the verification plan. By this point:

- planning has been completed, client contacted and confirmed;
- verification concerns and issues to be addressed have been identified;
- for desk verification, and in some cases for on-site verification, specific transactions may have been selected and a list of these and required information has been sent to the client; and
- for on-site verification, client contact information sheet and Verification Planning Memorandum (VPM) have been completed.

From the review of documentation obtained from the client and the CSA Compliance Manager during the Planning Phase, the team will have a basic understanding of significant accounts, vendors, classifications, commodities, programs etc. that will need to be reviewed, as part of the verification. In some instances, the specific transactions for verification may have been selected during the Planning Phase and data requested from the client in the initial letter.

In the Execution Phase, the CVO/team will determine the company personnel to be interviewed, and examine processes, as they relate to import and export activities. If this is a measurement case, the samples will have been provided, otherwise the CVO then selects a sample from transactions and items representing the client's significant vendors, classifications/commodities, tariff treatments etc. The CVO will conduct verification procedures, according to the individual verification programs (**Section 3.5 Exhibits I to U**), in order to determine the client's level of compliance with CBSA trade programs.

5.0 Prepare and Perform Opening Meeting

The purpose of the opening meeting is to gain a basic understanding of the client's processes, systems, and approaches. It can also serve to educate the client about the verification process, explaining to them in detail the scope of the verification and identifying what is required, in terms of co-operation and documentation. It is suggested that the compliance manager been invited to attend this meeting. To begin, please refer to Section 3.5 Exhibit A, Instructions for Performing an Opening Meeting.

After reading exhibit A, follow the steps outlined in Section 3.5, Steps 5.1 - 5.5.3, as these are the same for all clients.

6.0 Conduct Systems Review

The purpose of the systems review is to acquire a comprehensive understanding of the client's automated or manual systems and processes, in order to determine areas where there might be risks to compliance. Information on the client's systems should be obtained from the CSA Compliance Manager. Review the Business Systems Flow Section, in the CSA Program Importer Part II application, which is available from the CSA Compliance Manager. Review 3.20, Part II in the CSA Importer Standard Operating Procedures for a better understanding of the Business Systems Flow process that the client goes through.

The Systems Questionnaire (SQ) has been modified for the CSA Importer to include only those questions that were not asked as part of the Part II application pertaining to the "Release/Reporting System" (See Exhibit B, Release/Reporting System Questionnaire (RRSQ))

The CVO should review any system relevant to the validation of CBSA trade programs being verified.

6.1 Go through the RRSQ with client.

6.1.1 Obtain any information requested, but not provided prior to the opening meeting.

If the questionnaire has not been received prior to opening meeting, the CVO may use this as a basis for a step-by-step discussion.

A plant tour may be added at this stage, if required, to facilitate understanding of the business processes.

6.2 Analyze information received; complete working papers (see Section 3.5, Exhibit W, Working Papers). Portions of the Part II application must be included in the working papers for this client. i.e. business flows

6.3 Decide upon approach to be taken for sampling, based on observations and notes, as well as assessed ability to extract desired information from client's systems.

The CSA Compliance Manager may also assist in determining the most efficient source, from which to select the samples, if samples were not provided by HQ.

7.0 Select Samples for Verification

The purpose of sampling selection is to select a sample of transactions that are representative of the importations pertaining to the specified commodity. This sample will be used as a measure for determining the client's compliance levels with CBSA trade programs, for national or regional priority commodities or issues. If selecting samples from FIRM, include the following B3 type entries:

S- service parts

AB- confirming

P- production parts

C – final accounting

Note: X type B3s must be removed from the sample population, before selecting the sample.

(See Exhibit C for information about X type adjustments.)

Run a separate FIRM report for X type B3s, to gain knowledge of the Importer's adjustment history. These adjustments will not link to the original accounting documents; however, the CSA importer is required to maintain an audit trail to the original accounting documents.

Follow the steps outlined in Section 3.5, Steps 7.1 - 7.5, as these are the same for all clients.

8.0 Complete the Verification, Analysis and Evaluation of the Programs

Once the final sample has been selected and received, the specific steps of the program verifications can be performed. Follow the steps outlined in Section 3.5, Steps 8.1 - 8.10, as these are the same for all clients. The purpose is to achieve the objectives as outlined in the specific CBSA trade program verification procedures, found in Section 3.5, Exhibits I - T, excluding Exhibit J, Accounting (Compensating Procedures).

Accounting for Goods

The CSA Compliance Manager (CM) responsible for this client will validate this program, once contacted by the CVO. If a CSA validation audit has occurred on this client within the last year, and there have been no significant issues, additional review will not be required. The Compliance Manager will provide comments to the CVO on the findings for inclusion in the accounting for goods appendix of the Trade Compliance Interim/Final Verification Report.

If a CSA Validation Audit has not occurred on this client within the last year, the CSA Compliance Manager will review one month's of the client's Revenue Summary Form (RSF) submitted during the verification period. Upon completion of this review the CSA CM will provide his/her findings to the CVO for inclusion in the accounting for goods appendix of the Trade Compliance Interim/Final Verification Report. The CM will deal with any non-account issues that fall out of the RSF, these should be mentioned in the Trade Compliance Interim/Final Verification Report.

Valuation Verification Procedures Section, 3.5 Exhibit R. Note: The CVO may wish to review the CBSA programs support information contained in the CSA Importer SOPs, 10.1 for Valuation. The CVO should review Part II of CSA Importer application Business Systems Flow #4 & #5. Also, quite a bit of the information needed for a valuation review (Section 3.5, Exhibit R parts A2 and B) has been previously requested and can be obtained from the Compliance Manager.

Duties Relief Verification Procedures, Section 3.5 Exhibit K. Note: The CVO may wish to review the CBSA program support information contained in the CSA Importer SOPs, 10.2 Drawbacks.

Errors

If there is an error on the original B3 accounting transaction, identify the error to the Importer. Determine whether an adjustment has been made to the original accounting transaction, by way of an X type B3 adjustment. As there is no link from the original accounting transaction to the X type B3 adjustment in CCS, the importer must provide back up documentation, showing the link between the original accounting transaction and the X type B3 adjustment.

Multi-program Workbook (MP Workbook)

If there has been an adjustment (B3 X type) and the information it is to be considered the "As Declared" it will be entered in the MP Workbook Input Sheet and the adjustment number will be referenced in the appropriate field.

If the adjusted information does not relate to the specific sample selected and is not to be considered the "As Declared", then enter the information, as it appeared prior to the adjustment. Do not enter the adjustment number if you are not verifying against it.

8.8 Note: Issue a DAS for the errors found in the sample. The importer is responsible for correcting transactions that fall outside the sample by way of an X type B3. (CSA standard operating procedures 7.17, Accounting-Issuing a DAS). Contact the CSA Compliance Manager, to obtain assistance with the ACOR type DAS, if required.

Under CSA, approved clients submit self-adjustments to original accounting documents using electronic B3X type adjustments rather than hard copy B2s. Based on the client business number, an ACOR transaction must be used for true disputes under section 60 of the *Customs Act* and downward adjustments to SIMA and TRQs. Also any adjustments the CBSA issues must be processed as an ACOR. When one of these types of adjustments is submitted or an assessment is made by the CBSA, the CVO or CSA Compliance Manager must process the adjustment as an ACOR type and calculate the interest the same way it is currently being done.

It is important to note that CSA ACOR adjustments must be batched separately from non-CSA ACORs. The CSA ACOR must be mailed to the client and any amounts – payable or receivable will be included on the CSA Revenue Summary Form (RSF) at the end of the month. The CSA client will include the ACOR transaction number on his RSF upon receipt of an approved **ACOR**.

Monitoring of adjustments is the responsibility of CVOs. CSA Compliance Managers monitor the Revenue Summary Form (RSF) to ensure that the payment has been made, therefore there needs to be communication between the CSA Compliance Manager and the CVO to ensure compliance.

8.9 Note: Contact the CSA Compliance Manager before issuing any AMPS as a result of the findings of the verification. The Compliance Manager may be aware of mitigating circumstances or see the benefit of initiating a Penalty Reduction Agreement (PRA) in lieu of payment of the AMP.

Reporting

The reporting phase starts when the execution process has been completed and the verification findings have been determined. The verification findings will be documented in an interim report that is presented to the client for their review and feedback within 30 days. After the 30 day period, the final report is completed incorporating any relevant comments and issues raised by the client.

9. Report Results to Client

The purpose of this step is to report verification findings, requirements and recommendations to the client. This is usually done during a closing meeting. The Compliance Manager should be invited to attend the closing meeting. For on-site (MPV) verification, this step ensures that after an interim report is provided to the client, the client's responses, where required, are incorporated into the final report. The CVO should be familiar with Exhibit A, Work Instructions, Exhibit B, Verification Report Instructions and Exhibit G, Reporting Guidelines found in Section 3.6. The CVO is to follow the steps outlined in Section 3.6, Steps 9.1 - 9.6 as these are the same for all clients.

Step 9.3.4 Instructs the CSA Importer to transmit X Type B3s and to provide a list of the B3 adjustments, referencing the verification case number, date of Final Verification Report and verification period, to the CVO in charge of the verification. (See Exhibit C, X Type Adjustments)

10. Complete National Reporting Requirements

The purpose of this step is to ensure that all results of the verification are communicated internally and that the manager reviews and signs off the file. The CVO is to follow the steps outlined in Section 3.6, Steps 10.1 -10.5.4 as these are the same for all clients. Section 3.6, Exhibit C, Trade Compliance Final Verification Report may need to be modified slightly for a CSA importer. Ensure that a copy of the Trade Compliance Final Verification Report is sent to the CSA Compliance Manager.

Follow-up

Follow-up will be determined on a region-by-region basis and as such, the instructions for this phase are limited to key actions that should be consistent among regions at some stage in the process.

While this is a small phase, it is critical in ensuring that the benefits of a verification are not lost through follow-up, not being clearly identified and responsibility assigned.

The CVO is to follow the steps outlined in Section 3.7, Steps 11.1 -11.3 as these are the same for all clients. Ensure that the CSA Compliance Managers name is in the file for follow-up for monitoring of the payment of adjustments on the Revenue Summary Form.

11. Identify File for Follow-Up

The purpose of follow-up is to ensure that any actions required, as a result of the verification, are followed up on. This will include observations made during the verification that requires follow up to ensure compliance by the client or actions that require further activity within CBSA.

Provide the CSA Compliance Manager with the following:

- I. Information regarding program review, recommendations and requirements for on-going monitoring of the CSA Importer;
- II. Information regarding paper adjustments and X type adjustments;
- III. Recommendations for formulation of a Compliance Action plan, as required;
- IV. Advice to CSA Compliance Manager of serious compliance breaches; and
- V. Identify and notify CSA of unusual trends or concerns, of CSA Importers, experienced in the region.

Accompanying Documentation and Templates

EXHIBITS	Page	Version Date
A. Appendix to Notification Letter (Information Required by the CBSA)	19	Version 1.3 / February 28, 2007
B. Release / Reporting System Questionnaire	21	Version 1.2 / October 11, 2006
C. X Type Adjustments	26	Version 1.2 / October 11, 2006

4.4 PLANNING PHASE

EXHIBIT A – Appendix to Notification Letter

Document Name	Appendix to Notification Letter (Information Required by the CBSA)
Document Number	4.4A
When/How Used	This appendix is usually sent to the client with the notification letter, advising the client what information is required.
Created on	October 11, 2006
Last Updated On	
Document Owner	
Division	Compliance Management HQ
Contact Person	

Other Stakeholders

Information Required by the CBSA

1. Copies of the most recent annual report, audited financial statements, chart of accounts and corresponding trial balances. (Make available, if requested)
2. Copies of license and royalty agreements, patents, trademarks, copyrights, quota and profit sharing arrangements. (Make available, if requested)
3. A list of foreign vendors.
4. A list of CBSA trade-related programs the company takes advantage of. For example: duties relief/drawbacks
5. A list of outstanding matters presently before the CBSA: For example: appeals
6. A copy of all existing CBSA rulings, if applicable.
7. A copy of the Tariff Classification Rating Guide used by the company. (Make available, if requested)
8. Any additional, industry-specific information that CBSA may deem necessary to complete our verification. i.e. product literature (Make available, if requested)

4.4 CSA Importer Verification Procedures

EXHIBIT B – Release/Reporting System Questionnaire

Document Name	Release/Reporting System Questionnaire (RRSQ)
Document Number	4.4B
When/How Used	Used to assist the CVO in gathering and organizing information to document the client's release/reporting systems, relevant to import and export activities.
Created on	October 11, 2006
Last Updated On	February 28, 2007
Document Owner	
Division	Compliance Management HQ
Contact Person	
Other Stakeholders	CSA/FAST

Release/Reporting System Questionnaire

Objective

The purpose of the Release/Reporting System Questionnaire (RRSQ) is to assist the compliance verification officer (CVO) in gathering information that was not previously requested from the CSA importer.

The following attached questions are provided to assist the CVOs. However, they are encouraged to tailor their questions to the specifics provided by the client. Answers provided by the client may prompt the CVOs to ask pertinent questions that are not detailed herein. Similarly, you may not have to ask all the questions listed here.

**PROTECTED WHEN
COMPLETED**

Release/Reporting System Questionnaire

**ABC International
Street Address
City, Province
Postal Code**

FILE# XXXXX

This document is intended as a preliminary review of your Release/Reporting procedures as they pertain to import and export activities. The controller or another officer with similar responsibilities and knowledge is requested to complete the following questionnaire in as much detail as possible. Please use the additional comments section at the end of this questionnaire and/or include a separate sheet for any section where there is insufficient space for your response. Note that use of the term "B3" in this questionnaire refers to the Canada Customs Coding Form B3.

**Canada Border Services Agency
Trade Compliance Region**

This questionnaire was completed by:

Name

Signature

Title

Date

File # XXXXX

Release/Reporting System Questionnaire

1.	<p>Provide the name, title and telephone number of a contact for the CBSA-related matters?</p> <ul style="list-style-type: none">- Purchasing:- Receiving:- Internal Accounting:- Accounting to CBSA:
2.	<p>Where is import and export related documentation maintained?</p> <p>In what format?</p> <p>For how long?</p>

Release/Reporting System Questionnaire Continued

3.	<p>Provide the name, title and telephone number of a contact for the following CBSA activities</p> <ul style="list-style-type: none"> - Tariff Classification; - Value for duty; - Tariff Treatment; - GST applicable to imported goods?
4.	<p>Are B3 entry transactions reviewed for quality and completeness? If so, how often and by whom?</p>
5.	<p>a) Do you import the following types of good? If yes, how are the following types of goods accounted for to CBSA?</p> <ul style="list-style-type: none"> - No-charge goods? Yes <input type="checkbox"/> or No <input type="checkbox"/> - Canadian Goods Returned? Yes <input type="checkbox"/> or No <input type="checkbox"/> <p>b) Can a separate report be generated for these transactions?</p> <p>c) How do you determine the value for duty of Canadian goods returned?</p>
6.	<p>Indicate what method has been used to determine the freight for shipments coming from the United States valued over CAN\$2,500 (field #19 of the B3). (i.e., Freight Estimates, Freight Schedules/Contracts, Freight/Carrier Invoices, Industry Standard, Dummy Numbers (1 or 0) used, Percentage Of Value, Use of Own Carrier, Other Method).</p>

Release/Reporting System Questionnaire Additional Comments

[illegible]

4.4 CSA Importer Verification Procedures

EXHIBIT C – X Type Adjustments

Document Name	X Type Adjustments
Document Number	4.4C
When/How Used	Used to provide the CVO with information about X type adjustments.
Created on	October 11, 2006
Last Updated On	February 28, 2007
Document Owner	
Division	Compliance Management HQ
Contact Person	
Other Stakeholders	CSA/FAST

X Type Adjustments

In the CSA environment, self-adjustments to original accounting information and refund claims are submitted to the CBSA electronically. The format of the automated self-adjustment is similar to a B3 and is identified by type “X”. Transmission of the X-type adjustment to CBSA is through CADEX or the UN/EDIFACT version 99B and is supported through CCS. The X-type entry is used to self-adjust both corrections submitted under section 32.2 of the Act and applications for refund submitted under subsection 74(1) of the Act. The X-type adjustment may also be used to self assesses and account for additional SIMA duties (voluntary payments) that relate to goods of the CSA importer.

Exceptions to the electronic submission process (X-type entry) are:

- Requests for downward adjustments of SIMA (see Memorandum D14-1-3);
- Adjustments relating to Tariff Rate Quotas (TRQs);
- A “true dispute” that is presented under section 60 of the *Customs Act*, or an appeal submitted to the CITT or Federal Court (see Memorandum D11-6-7).

The use of the automated X-type entry to transmit an adjustment of accounting information does not change legislative provisions that relate to the requirement to correct accounting information, or the authorities for and time limits of self-adjustments, re-determinations, further re-determinations, and refunds. Like non-CSA importers, the CSA importer is expected to submit corrections regardless of the value for duty.

The CSA importer reports all revenue impacts that result from the filing of an adjustment on the RSF **regardless of the manner of or reason for filing – X-type entry or paper B2**. Additional duties, taxes and interest owing to the CBSA are reported as a debit on the RSF and payment is remitted to a financial institution. Duties payable to the importer are reported as a credit on the RSF and CBSA will normally not issue cheques for amounts owing to the CSA importer. Given that GST is excluded from refunds made under customs legislation, GST amounts are not recorded as a credit. Importers who are eligible for a refund of GST should contact the Canada Revenue Agency tax services office nearest them for information regarding benefits available under the Input Tax Credit system. The revenue impact is not reported on the RSF until the importer receives the systems-generated, entry acceptance message. The date of the notice of re-determination is the date that the entry acceptance message is transmitted.