

3.5 EXECUTION PHASE

EXHIBIT N – Goods and Services Tax

Document Name	Goods and Services Tax
Document Number	3.5 N
When/How Used	Used by CVOs during verification on the applicability of GST status codes on imported goods.
Created on	March 25, 2003
Last Updated On	February 28, 2007
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 Program – Goods And Services Tax

COMPANY

FILE NO.

PERIOD

TO

Verification Objectives

- Determine whether the imported goods are properly and accurately imported under the appropriate GST status code.

Compliance verification officers (CVOs) will generally only review GST when the client has claimed a GST status code. The majority of imported goods will be taxable at a rate of 6%. Division III of Part IX of the *Excise Tax Act*, **Tax on Importation of goods**, provides the legislative authority for the imposition of GST on imported goods. CVOs should be familiar with the following sections of the *Excise Tax Act*:

- **Section 212. Imposition of goods and services tax**
- **Section 213. Exception**
No tax under this Division is payable in respect of goods included in Schedule VII.
It is this schedule that will be of the most importance to the CVO in determining whether an imported good should be subject to the GST or not.
- **Section 214. Payment of taxes**
- **Section 215. Value of goods**
- **Subsection 216(1) Meaning of “determination of the tax status”**
This section is very important, for CVOs, as it is the legislative authority that links the *Excise Tax Act* to the determination, re-determination, and further re-determination provisions of the *Customs Act*.
- **Subsection 216(2) Application of the *Customs Act***
- **Subsection 216(3) Idem**
- **Subsection 216(4) Appeals of determination of tax status**

GST VERIFICATION PROCEDURES	DONE BY	REF.
For the selected sample:		
1. Determine whether or not the importer is allowed to use a GST status code listed in Memorandum D17-1-10, Appendix H, Coding of Customs Accounting Documents. Field 35 (Rate of GST) on the B3 will be completed by showing either the 6% GST rate or the applicable GST status code for non-taxable importations. Look up the GST status code that is being claimed by the importer.		
2. Determine what the imported goods are. Do they qualify for the GST status code being claimed? There are three main groupings of GST codes found in the above-mentioned appendix. <ul style="list-style-type: none"> • Non-taxable goods in accordance with Schedule VII of the <i>Excise Tax Act</i>; • Goods not subject to the GST in accordance with section 8 of Schedule VII to the <i>Excise Tax Act</i>; this section applies to prescribed goods included in the <i>Non-Taxable Imported Goods (GST) Regulations</i> • Goods not subject to the GST by virtue of an Act of Parliament other than the <i>Excise Tax Act</i>. 		
3. Determine if the importer meets the conditions contained in the <i>Excise Tax Act</i> and its schedules and regulations. Review the wording of the applicable legislative provision(s).		
4. Determine, where a special authority number is used in Field 26 of the B3, if the special authority number provides for a non-taxable status for GST purposes at the time of importation. (i.e. an Exporter of Processing Services (EOPS) number or an Export Distribution Center Program (EDCP) number).		
5. Document all findings.		
6. If necessary, make the appropriate reassessment under the appropriate provisions of the <i>Customs Act</i> .		