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INTRODUCTION

LEARNING OUTCOMES

After reading this chapter, you should be able to:

- Identify the players and their roles in international trade.
- Identify the legislation governing international trade.
- Understand a customs broker's code of ethics.
- Identify the information contained in a client profile and know why such a profile is necessary.

THE ROLES OF THE PLAYERS IN INTERNATIONAL TRADE

The importation of goods into Canada involves many players from both government and business. Each player has their own unique responsibilities and roles, and it's important to be aware of what these are.

CANADA BORDER SERVICES AGENCY

Canada Border Services Agency (CBSA)

The federal agency responsible for customs programs, intelligence, interdiction and enforcement functions, and passenger and inspection services. The CBSA manages Canada's borders by enforcing the laws governing trade and travel, as well as international agreements and conventions.

Administrative Monetary Penalty System (AMPS)

The CBSA's penalty regime that encourages compliance by issuing monetary penalties when specific contraventions have occurred. Penalties may be issued to importers, exporters, customs brokers, warehouse and duty-free shop operators, carriers, and freight forwarders.

The **Canada Border Services Agency (CBSA)** is part of a larger ministry called Public Safety and Emergency Preparedness Canada, often called Public Safety Canada. The CBSA is one of five agencies that report to the Minister of Public Safety.

The other agencies that are part of Public Safety Canada are:

- Canadian Security Intelligence Service,
- Correctional Service of Canada,
- Parole Board of Canada, and
- Royal Canadian Mounted Police.

The CBSA has nine branches and each is led by a vice-president who reports directly to the president and executive vice-president. The CBSA is responsible for customs programs, intelligence, interdiction and enforcement functions, and passenger and inspection services. Table 1.1 outlines the regulatory, legislative, and partnership responsibilities of the CBSA.

The CBSA manages Canada's borders by enforcing the laws governing trade and travel, as well as international agreements and conventions.

Many customs officers are called border services officers (BSOs), and these are the individuals you report to when you enter Canada. BSOs and other customs officers work in areas such as management, intelligence, investigations, detector dog services, compliance, and client services.

With respect to commercial goods, BSOs examine paperwork, or data sent electronically, for accuracy. They release imported goods—that is, they allow goods to enter Canada and be delivered—and they review accounting documents to ensure that the correct amount of duty and taxes is paid.

BSOs can assess penalties under the **Administrative Monetary Penalty System (AMPS)** against those who do not comply with the legislation administered by the CBSA. This legislation includes the *Customs Act*,¹ the *Customs Tariff*² and any associated regulations. BSOs also enforce Canadian laws and regulations of other government departments, such as the *Safe Foods for Canadians Regulations*³ on behalf of the Canadian Food Inspection Agency, and

1 RSC 1985, c 1, s 32 (2nd Supp).

2 SC 1997, c 36 is also referred to as the Customs Tariff Act. The Act includes the Customs Tariff Schedule that can be found as a separate document on the CBSA's website (pdf): <https://www.cbsa-asfc.gc.ca/trade-commerce/tariff-tarif/2025/01-99/01-99-2025-eng.pdf>.

3 SOR/2018-108.

the *Trademarks Act*⁴ on behalf of Innovation, Science, and Economic Development Canada.

TABLE 1.1 Canada Border Services Agency's Legislative, Regulatory, and Partnership Responsibilities

REGULATORY
Enforcement, compliance, and operational activities under existing laws and regulations:
<ul style="list-style-type: none"> • detaining people who may pose a threat to Canada • removing people who are inadmissible to Canada, including those involved in terrorism, organized crime, war crimes, or crimes against humanity • interdicting illegal goods entering or leaving the country • protecting food safety, plant and animal health, and Canada's resource base • enforcing trade remedies that help protect Canadian industry from the injurious effects of dumped and subsidized imported goods • administering a fair and impartial redress mechanism • collecting applicable duties and taxes on imported goods
LEGISLATIVE
Administration or application of laws and formal trade agreements:
<ul style="list-style-type: none"> • administering legislation that governs the admissibility of people and goods, plants, and animals into and out of Canada • promoting Canadian business and economic benefits by administering trade legislation and trade agreements to meet Canada's international obligations
PARTNERSHIP
Collaboration with international bodies or promoting national interests abroad:
<ul style="list-style-type: none"> • promoting Canadian interests in various international forums and with international organizations

Source: Data from Canada Border Services Agency. Government of Canada, "What We Do" (last modified 8 September 2025), online: <<https://www.cbsa-asfc.gc.ca/agency-agence/what-quoi-eng.html>>.

CANADA REVENUE AGENCY

The **Canada Revenue Agency (CRA)** administers tax laws for the Government of Canada and for most provinces and territories. It also administers social and economic benefits and incentive programs delivered through the tax system. These include the Canada Pension Plan, Quebec Pension Plan, employment insurance, and old age security.

Canada Revenue Agency (CRA)

The federal agency that administers tax laws for the Government of Canada and for most provinces and territories; also administers social and economic benefits and incentive programs delivered through the tax system.

⁴ RSC 1985, c T-13.

The minister of national revenue is responsible for the CRA and is accountable to Parliament for its activities, which include the administration and enforcement of program legislation such as the *Income Tax Act*⁵ and the *Excise Tax Act*.⁶ The minister has the authority to ensure that the CRA operates within its mandate and consistently treats its clients with fairness and integrity.



DID YOU KNOW?

Until World War I, when income and sales taxes were first imposed in Canada, customs and excise revenue made up about 75 percent of the federal government's revenue.

CANADIAN CUSTOMS BROKERS

Canadian customs brokers

Customs brokers act as intermediaries between importers and the government on most import transactions and make it easier for individuals and firms to comply with complex government legislation.

duty

An amount levied on imported goods. Duty rates are established by the Government of Canada and can vary significantly.

Canadian customs brokers are companies, not individuals, and they act as intermediaries between importers and the government on about 80 percent of import transactions. With authority to act as agents, they make it easier for individuals and firms to comply with complex government legislation.

A customs broker provides expertise to its clients and ensures that:

- imported goods meet all requirements at the border and are released according to regulations,
- goods are delivered as quickly as possible, and
- payment of the proper amount of duty and taxes is made within legislated time frames.

Customs brokers make their clients aware of programs that can save them **duty** or taxes, or that allow for a refund of duty and taxes that have been paid. They also keep clients informed about all relevant changes to CBSA policies that might affect the goods they import.

A customs brokerage firm may be a sole proprietorship, a partnership of individuals or corporations, or a corporation, all of which must be licensed by the CBSA in accordance with the *Customs Act* and its regulations.

As a condition of being licensed, a customs brokerage firm must employ at least one individual who has passed the Customs Brokers Professional Examination (CBPE) and who is subsequently named on the licence. Once the individual is named on the licence, they become the qualified officer for that firm. The CBPE is prepared and administered by the CBSA and is offered once a year. There are no

⁵ RSC 1985, c 1 (5th Supp).

⁶ RSC 1985, c E-15.

educational prerequisites for writing this examination; however, not all who are successful at the examination may be eligible for a licence. For example, to be eligible for a customs broker licence, age and citizenship requirements must be met and proof of financial stability must be provided.

The qualified officer is ultimately responsible for the conduct of the business. Failure to comply with government regulations may result in the revocation of the firm's licence to operate.

Every customs brokerage company must employ at least one individual who has passed the CBPE. This person is the qualified officer and is named on the customs broker's licence.

Remember, customs broker licences are issued to companies, not individuals. The majority of customs brokerages are operated by corporations. Below are the requirements for each category of business:

- 3(1) An individual is qualified under these Regulations if the individual
 - (a) is a citizen or permanent resident of Canada;
 - (b) is of good character;
 - (c) is at least 18 years of age;
 - (d) has sufficient financial resources to conduct his business in a responsible manner; and
 - (e) has a sufficient knowledge of the laws and procedures relating to importations and exportations determined in accordance with section 4.
- (2) A partnership is qualified under these Regulations if the partnership
 - (a) in the case of a partnership composed of individuals,
 - (i) is composed of individuals each of whom meets the qualifications prescribed in paragraphs (1)(a) to (c),
 - (ii) has sufficient financial resources to conduct its business in a responsible manner, and
 - (iii) has at least one partner who has a sufficient knowledge of the laws and procedures relating to importations and exportations, determined in accordance with section 4; and
 - (b) in the case of a partnership composed of corporations,
 - (i) is composed of corporations each of which meets the qualifications prescribed in paragraphs (3)(a) to (c),
 - (ii) has sufficient financial resources to conduct its business in a responsible manner, and
 - (iii) has at least one partner that meets the qualification prescribed in paragraph (3)(d).
- (3) A corporation is qualified under these Regulations if
 - (a) the corporation
 - (i) is incorporated in Canada,
 - (ii) is of good reputation, and

- (iii) has sufficient financial resources to conduct its business in a responsible manner;
- (b) all of the directors of the corporation are of good character;
- (c) a majority of the directors of the corporation are citizens or permanent residents of Canada; and
- (d) at least one officer of the corporation has a sufficient knowledge of the laws and procedures relating to importations and exportations, determined in accordance with section 4.⁷

The phrase “[having] a sufficient knowledge … determined in accordance with section 4” in the regulations above means that the individual in question has passed the CBPE.

As well as employing an individual who has passed the CBPE, a customs brokerage firm may also employ individuals who have the **Certified Customs Specialist (CCS)** designation, the **Certified Trade Compliance Specialist (CTCS)** designation, or both.

Both the CCS and CTCS designations are granted by the Canadian Society of Customs Brokers, the association that represents Canadian customs brokers.

With the CCS and CTCS designations comes a requirement for continuing professional development. This ensures that designees keep up to date on the continually changing laws, regulations, policies, and procedures that govern trade.

Some of the other positions in a customs brokerage company include:

- release technicians,
- directors and managers,
- regulatory affairs specialists,
- raters, and
- support staff.

The release technician is responsible for all aspects of the release of imported goods.

An employer may prefer that a CCS/CTCS designee be responsible for making requests to release goods because the employer can be assured of that employee's technical knowledge.

The term “rater” is commonly used to describe the person responsible for determining the correct tariff classification of imported goods. The *Canadian Oxford Dictionary*, second edition, defines a “**tariff**” as a “duty on a particular class of imports or exports.” The tariff classification is a ten-digit number that properly describes the goods being imported.

As a result of increased electronic transmission of import and export data, and the CBSA's requirement for additional cargo information earlier in the process, the

⁷ *Customs Brokers Licensing Regulations*, SOR/86-1067, s 3.

line between a release technician and a rater is often blurred. In other words, for a release technician to be effective, they must have tariff classification knowledge and competency.

The support staff comprise all other employees who provide additional services. They too require at least a basic understanding of the import and export processes in order to perform their tasks efficiently, compliantly, and cost-effectively. Their job titles may reflect such tasks as accounts receivable, accounts payable, billing, credit checking, data entry, and customer service.

SUB-AGENTS

A sub-agent is a licensed customs broker. The sub-agent is appointed by one customs broker to act on its behalf at a CBSA port where the prime customs broker does not have the ability to present a paper entry.

Since almost all release requests are transmitted electronically, and a customs broker can send data for release of goods at nearly all customs offices, there are few instances where customs brokers require the assistance of a sub-agent. A sub-agent is used when paper documentation, rather than electronic data, must be presented or where there is a problem to be resolved locally.

GENERAL AGENCY AGREEMENTS

Each client of a customs broker must complete a **General Agency Agreement (GAA)**. This agreement authorizes a customs broker to act as an agent on behalf of a particular person or firm.

Customs brokers and importers may develop their own GAAs, tailored to their individual needs, which outline their respective responsibilities.

A GAA must always indicate:

1. the names of the client and agent, including their business numbers and addresses;
2. a description of the type of business transactions being authorized, for example, accounting and payment of duty under section 32 of the *Customs Act*;
3. whether the authority is continuous or for a specified period;
4. whether the agent is authorized to appoint a sub-agent;
5. the name, title, and signature of the agent;
6. the name, title, and signature of the person on whose behalf the agent is acting; and
7. the date that the agreement takes effect.

As well, clients should be provided with a copy of their broker's Standard Trading Conditions (STCs), and this may be supplemented by their Standard Operating Procedures (SOPs). STCs are detailed and of critical importance; clients must be aware of the conditions and obligations that apply and the responsibilities and expectations of each party. SOPs may include such tasks as making arrangements

General Agency Agreement (GAA)

An agreement that authorizes a customs broker to act on behalf of a particular person or firm.

for the delivery of goods, providing consulting services, and giving advice on the payment of provincial tax on imported goods.

CANADIAN IMPORTERS

Canadian importer

The party responsible for the payment of duty and taxes on imported goods. The importer is not necessarily the party to whom the goods are being delivered since in some cases goods are delivered directly to the importer's customer.

The **Canadian importer** is the party responsible for the payment of duty and taxes on imported goods. The importer is not necessarily the party to whom goods are being delivered; in some cases, goods are shipped directly to the importer's customer.

When an importer uses a customs broker, the customs broker is qualified to perform all the steps required to properly document the entry of the goods into Canada. The customs broker can also facilitate the importer's remittance of duty, taxes, and any other fees that might be involved in arranging the release of the goods. However, regardless of who prepares the entry, the importer is ultimately responsible for the payment of any duty and taxes on the goods it is importing.

The importer is responsible for informing its foreign supplier of any paperwork that must be provided or criteria that must be met so that goods enter Canada with little or no difficulty and are not held at the border. If the paperwork that is provided by the foreign supplier is either incorrect or incomplete, the CBSA may hold the goods at the border until the proper documentation is provided.

Note that in some cases the foreign supplier of goods may offer to pay any duty and taxes. This enables the supplier to sell goods to Canadian parties at a cost that is all inclusive. In this situation, the foreign supplier is known as the importer of record or non-resident importer.

All Canadian importers must comply with regulations and keep records proving compliance. The importer must maintain documents relating to any goods that are imported or exported. These records include certificates, invoices, receipts, certificates of origin, and other documents that relate to import or export activity. The CBSA has the right to examine these records for a period of six years from the date of the import or export. The customs broker, by regulation, is also required to keep these same records.

The importer must also voluntarily inform the CBSA, usually by way of its customs broker, of any discrepancy between the goods received and the goods that were declared. These discrepancies might include a difference in quantity, value, or quality, or a change in the end use of the goods. For example, the goods may be entering Canada for use in a particular industry that benefits from reduced duty rates. If the ultimate use of the goods changes, then the difference in duty must be paid.

carriers

Airlines, railways, postal services, steamship lines, couriers, and trucking lines are all carriers.

Regardless of how goods arrive at the Canadian border, the carrier must declare or report the goods to the CBSA at the first point of arrival.

CARRIERS

Airlines, railways, postal services, steamship lines, couriers, and trucking lines are all **carriers**. Drivers of passenger vehicles are considered carriers when they drive their own vehicle with purchases or gifts across an international border. Regardless

of how goods arrive at an international border, the carrier must declare or report the goods to the CBSA at the first point of arrival.



DID YOU KNOW?

The Canada–US border is the longest international border between two countries.

Although the regulations for each mode of transport vary, it is mandatory that the carrier report all goods to the CBSA. A carrier who fails to do this properly may face fines and penalties. As well, the goods being carried, and/or their means of conveyance, may be confiscated, or seized, by the CBSA. Penalties under AMPS may also be assessed. AMPS is a civil penalty regime designed to encourage compliance with customs legislation through the application of monetary penalties. It is a system of graduated penalties that are issued when there is contravention of the *Customs Act*, the *Customs Tariff*, or any associated regulations. Penalties can be issued against the carrier, importer, warehouse operator, or customs broker. Regardless of the mode of transport, the carrier is also responsible for the security of the goods it carries.

An understanding of the chain of events for goods entering Canada is important. Very specific exceptions for paper exist; however, most importations are processed electronically. The following is a simplified description of the electronic process at a highway point of arrival.

1. Pre-arrival information is provided to the CBSA electronically about the cargo, the carrier, and the goods.
2. The CBSA reviews the data and makes a determination whether to release the goods or refer them for examination.
3. The driver reports to the CBSA at the border.
4. The driver then presents a form, called a lead sheet, to the BSO at the Primary Inspection Line.
5. The BSO stamps the lead sheet and the conveyance and goods are noted as arrived.
6. The BSO reviews any documents and refers to the earlier decision to release or refer the goods (step 2, above).

If the decision is to *release*, the driver is advised that they may deliver the goods.

If the decision is to *refer*, the goods are presented (or “referred”) to the CBSA for examination. After they are examined, the goods may or may not be released. If they are not released, the CBSA will tell the customs broker why and state what action should be taken.

The Pre-Arrival Review System (PARS) is a system used by a broker or an importer to request the release of goods. It involves providing information to the CBSA before the goods arrive. In all but a few cases, PARS data are transmitted electronically. You will learn more about PARS in subsequent chapters.

VENDORS

vendors

Companies outside Canada that have sold goods to importers in Canada.

foreign exporter

The party responsible for sending goods to Canada.

Vendors are the companies outside Canada that have sold or shipped goods to importers in Canada. A vendor may be referred to as a foreign supplier or seller and may be shown as “sold by,” “remit to,” “consignor,” or “shipper” on an invoice. No matter how they are referred to, this party is shown in the field labelled “vendor” on a Canada Customs Invoice. The vendor may also be a **foreign exporter**, but the term “exporter” is usually reserved for those sending the goods, not selling them.

Many vendors are not familiar with Canada’s import laws and regulations; nonetheless, they are still expected to supply the proper documents to the importer or to the customs broker so that the goods may be imported into Canada.

FREIGHT FORWARDERS

Freight forwarders arrange for the movement of goods by a carrier and prepare all necessary documents to ensure that the goods arrive at the correct destination.

Constantly changing information on such variables as mode of transportation, transportation availability, capacity, cost, and best shipping routes makes it necessary for the freight forwarder to remain up to date on the import and export requirements of many countries.

Some freight forwarders are also licensed customs brokers and thereby combine the handling and movement of goods with their subsequent release and payment of duty.

FOREIGN CUSTOMS BROKERS

Foreign customs brokers are the foreign counterparts to Canadian customs brokers. Because the laws within each country are complex and reflect national priorities, it is unusual to find any one broker sufficiently knowledgeable in both foreign and Canadian laws to give a client assistance in both. For this reason, foreign customs brokers aid the foreign person or company entering goods into a foreign country. Just like Canadian customs brokers, foreign customs brokers have sufficient knowledge of the import and export laws of their countries to provide the needed expertise to Canadian and other foreign firms.

OVERVIEW OF THE LEGISLATION

Some of the main acts administered by the CBSA that affect the importation of goods are:

- the *Customs Act*,
- the *Customs Tariff* and Customs Tariff Schedule,

- the *Excise Act, 2001*,⁸
- the *Excise Act*,⁹
- the *Excise Tax Act*, and
- the *Special Import Measures Act*.¹⁰

A brief description of each act follows.

CUSTOMS ACT

The **Customs Act** is the legislative authority for the administration and enforcement of the laws relating to the importation and exportation of goods crossing Canadian borders, as well as the collection of duty. This Act also gives BSOs the authority to examine, search, detain, and seize goods.

CUSTOMS TARIFF

The **Customs Tariff** is the legislative authority for the imposition of, and relief from, the payment of duty.

The *Customs Tariff* includes a list of countries with their respective tariff treatments, the General Rules for the Interpretation of the Harmonized System, and the Administrative Guidelines.

This Act includes the Customs Tariff Schedule. This is the coding system for imported goods and is formally called the Harmonized Commodity Description and Coding System. It is usually just called the tariff, or simply the HS. Each item imported into Canada must be classified under one of the ten-digit tariff classifications included in the tariff. Corresponding rates of duty for each tariff classification are also listed.

Raters (individuals responsible for assigning the correct tariff classification to goods imported into Canada) use the tariff daily. More than one duty rate may be indicated for the same tariff, and the eventual selection depends on the origin of the goods. For example, goods from less developed countries can often enter Canada at a lower duty rate, as can goods from countries with which Canada has a trade agreement.

The *Customs Tariff* and the Customs Tariff Schedule are available online.

EXCISE ACT, 2001

The **Excise Act, 2001** is the legislation for the collection of excise duty on spirits, wine, and tobacco products that are manufactured in Canada or imported into Canada. **Excise duty** is ordinarily charged on goods produced within a country, rather than on goods that are imported. However, in order that imported and

⁸ SC 2002, c 22.

⁹ RSC 1985, c E-14.

¹⁰ RSC 1985, c S-15.

Customs Act

The legislative authority for the administration and enforcement of laws relating to the importation and exportation of goods crossing Canadian borders. This Act also gives BSOs the authority to examine, search, detain, and seize goods.

Customs Tariff

The legislative authority for the imposition of, and providing relief against, the payment of duty. The Act also includes the Customs Tariff Schedule, the coding system and its details based on the Harmonized Commodity Description and Coding System, a list of countries with their respective tariff treatments, the General Rules for the Interpretation of the Harmonized System, and administrative guidelines.

Excise Act, 2001

The legislative authority for the collection of excise duty on spirits, wine, and tobacco products that are manufactured in Canada or imported into Canada. It also contains the legislation for the treatment of ships' stores.

excise duty

A special duty that is charged on certain goods produced in Canada. When these goods are imported, excise duty is collected in an amount that is equal to the amount that would be collected if the goods were produced in Canada.

domestic goods are treated equally, excise duty is collected on imported goods in an amount that would be collected if they were produced in Canada.

The *Excise Act, 2001* is also the legislation for the treatment of ships' stores. These are goods that are used on board ships and aircraft in international service.

EXCISE ACT

Excise Act

The legislative authority for the collection of excise duty on beer that is manufactured in Canada or imported into Canada.

Excise Tax Act

The legislative authority that grants the authority to charge, collect, and administer the GST or HST. This Act also provides for the imposition and collection of excise taxes on a number of other goods.

Goods and Services Tax (GST)

Tax that is collected by vendors and businesses at each level in the production and distribution chain. The majority of goods imported into Canada are subject to GST; however, some commodities are non-taxable, exempt, or zero-rated, and tax is not collected on them.

EXCISE TAX ACT

The *Excise Tax Act* grants the authority to charge, collect, and administer the Goods and Services Tax, or, in some provinces, the Harmonized Sales Tax, on goods and services.

The *Excise Tax Act* also provides for the imposition and collection of excise taxes on a number of other goods such as gasoline, diesel fuel, and automobile air conditioners, both imported and domestic.

GOODS AND SERVICES TAX

The *Goods and Services Tax (GST)* is a tax that is collected by vendors and businesses, including customs brokers, at each level in the production and distribution chain, with the greatest amount paid by the final consumer or user. Businesses and vendors who collect the GST must register to do so. GST registrants collect the GST on the value of each sale they make or service they provide. In the *Excise Tax Act*, "supplies" refers to both goods and services.

The majority of goods imported into Canada are subject to the GST. However, some goods and services are non-taxable, exempt, or zero-rated, and tax is not collected on them.

NON-TAXABLE IMPORTATIONS

GST is not payable on goods that are listed in schedule VII of the *Excise Tax Act*. Two examples are raw crude oil that is refined at a Canadian refinery before it is exported and goods that are donated to a registered charity.

EXEMPT SUPPLIES

Exempt supplies (goods and services) are those on which there is no GST paid by the purchaser and the registered supplier does not collect or charge tax. Exempt supplies are listed in schedule V of the *Excise Tax Act*. Some examples of exempt supplies are real property, health care services, educational services, and child and personal care services.

ZERO-RATED SUPPLIES

Zero-rated supplies (goods and services) are those on which there is no GST paid by the purchaser; however, the registered supplier of the goods may claim an input tax

credit (ITC) for tax paid on purchases that were used to create the zero-rated supply. Zero-rated supplies are listed in schedule VI of the *Excise Tax Act* and include prescription drugs and biologicals, basic groceries, medical and assistive devices, exports, and financial services.

INPUT TAX CREDITS

Businesses, like other consumers, are charged GST when they purchase goods and services. However, when a business is registered for the GST, it is entitled to subtract the GST that it has paid (ITC) from the tax that it has collected. The difference between the two is either a negative amount (refund) or an additional amount of tax that must be remitted to the federal government for each reporting period. This method ensures that the GST applies only on the value of sales to the final consumer. By having the end consumer pay the GST, the government is assured that the GST is paid on the net—and highest—sale price of the goods.

HARMONIZED SALES TAX

The provinces that collect the **Harmonized Sales Tax (HST)** are New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, and Prince Edward Island. The HST is a blended tax comprising two taxes: GST and provincial tax. HST is collected on casual importations only, at various rates determined by the province. Casual importations are goods destined for individual use and not intended for sale or commercial, institutional, occupational, or other similar use.

Taxable goods and services are subject to either GST or HST, never both.

SPECIAL IMPORT MEASURES ACT

The **Special Import Measures Act** is the legislation that was created to protect industries in Canada from injury caused by goods that have been dumped in Canada or subsidized in their country of export.

Dumping occurs when goods are sold to importers in Canada at prices that are lower than the selling price of comparable goods in the country of export, or when goods are sold to Canada at unprofitable prices. The amount of dumping on imported goods may be offset by the application of an **anti-dumping duty**.

Subsidization occurs when goods imported into Canada benefit from a foreign government's financial assistance or subsidy. The amount of subsidization on imported goods may be offset by the application of a countervailing duty.

As well as anti-dumping and countervailing duties, a provisional duty may also be collected. Provisional duties are collected while an investigation into alleged dumping is underway.

The CBSA publishes a list of goods that may be subject to these duties, which is known as **Measures in Force**. The list is updated regularly.

CUSTOMS MEMORANDA

Customs memoranda contain policy only, not laws. They are the means by which BSOs and the public are kept informed.

Harmonized Sales Tax (HST)

Tax composed of provincial tax and the GST and applicable in New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, and Prince Edward Island. It is assessed and collected on casual and non-commercial importations only.

Special Import Measures Act

The legislative authority that imposes anti-dumping, countervailing, and provisional duty on certain goods. It is intended to protect Canadian industry from injury caused by the dumping and subsidization of imported goods.

anti-dumping duty

An additional duty that is collected on imported goods that have been dumped in Canada.

Measures in Force

A list of goods currently subject to anti-dumping or countervailing measures pursuant to the *Special Import Measures Act*.

customs memoranda

Documents published by the CBSA to keep BSOs and the public informed of legislative requirements and operational policies and procedures.

D-memoranda

Issued by the CBSA, D-memoranda include the policy by which BSOs and the public are kept informed of various policies and procedures.

The **D-memoranda**, more commonly called D-memos, provide importers and customs brokers with all the information necessary to comply with various government requirements for importing goods. The D-memos take the complicated jargon from various statutes and put it into language that is easier to understand. They also explain how some acts are to be interpreted and how certain things, such as preparing paperwork to obtain the release of goods, or completing forms, must be done.

In order to use the D-memos, it is important to understand their structure, their numbering system, and their organization. The material included in the D-memos is consolidated into 23 operational groups. Each group contains directives covering similar or related topics.

Each of the 23 operational groups is further divided and each directive is referred to by 3 numbers, for example, D13-4-7, Adjustments to the Price Paid or Payable. D13 is the operational group entitled “Valuation.” All D-memos are available online.

The R-memoranda contain additional information related to the D-memoranda but are restricted to customs use only. These memoranda generally contain intelligence or enforcement-related information.

CUSTOMS NOTICES

Policies are also made public through the issuance of customs notices. Customs notices are issued by the CBSA when there is a need to quickly clarify policy and procedure or to make importers and customs brokers aware of changes before they are included in an updated D-memo. Customs notices are available online.

CODE OF CONDUCT

ETHICS

What are ethics? Like good manners, ethics are a moral code, and part of our social code of behaviour. They can also be a conformation to the standards of conduct of a given profession. Some will argue that moral standards vary according to personal interpretations, cultural background, and even prevailing conditions. Prevailing conditions can include, for example, political unrest, when it can be common for ordinarily ethical individuals to act in an unethical manner.

Ethics play a significant role in a career in international trade. Employees have a responsibility to their employer. They should never knowingly do anything that contravenes any Canadian law because such action will indirectly affect their employer and, of course, their own employment.

CONFIDENTIALITY OF INFORMATION

The *Customs Act* allows the CBSA to ask an importer for information regarding the goods they are importing. This information may be confidential and should not be disclosed by the CBSA to others, especially potential competitors. The importer is required by law to disclose this information to the CBSA and does so trusting that the CBSA and the customs broker will conduct themselves as professionals and respect the importer’s confidentiality.

CONFLICTS OF INTEREST

It is unethical to participate in a transaction when there is a personal interest, financial or otherwise, in an enterprise or a product. If there is a conflict, one should absent oneself from the transaction.

SMUGGLING BY AN EMPLOYEE

Under the *Customs Act*, the smuggling of goods is illegal. Those found guilty of smuggling may be given a criminal record, and an employer might find that it has no choice but to restrict the type of work it entrusts to a person with a criminal record.

The term “smuggling” has a wide application, covering activities from deliberate efforts to move goods across the border without declaration to misrepresenting the true value or description of goods on an import declaration. Each charge may carry a different penalty as far as the law is concerned, but one consequence is usually a damaged reputation.

Those in the customs industry, no matter their role, should ensure that they do not allow themselves to be in a position to be charged with smuggling; they should be “squeaky clean.”

RELATIONSHIPS AMONG CUSTOMS BROKERS, THE CBSA, CARRIERS, CLIENTS, AND COLLEAGUES

The movement of goods across borders requires accurate reporting by a number of people. Not all people have the same objective, and there is potential for a lack of cooperation. The efficient processing of detailed and complex information by many people, all with differing areas of expertise and skill levels, requires energy and organization. Invariably, there are times when confusion and frustration result, leading to strained relationships.

There is no easy or surefire way to avoid these conflicts, but maintaining professional conduct will help reduce the frequency and seriousness of such events. Remember to treat others as you want to be treated. Exercise patience and provide information that will help the situation. By being friendly and helpful, you will build trusting relationships with others. Your objective is to get your job done professionally and expeditiously.

RESPONSIBILITIES TO EMPLOYERS, THE CBSA, CLIENTS, AND COLLEAGUES

Employees of customs brokers have a number of responsibilities. The interests of their clients take top priority, except when those interests conflict with the laws or the regulations administered by the CBSA.

All customs brokerage firms maintain information about their clients. Clients are the businesses or individuals who have signed a GAA with the broker to allow the customs brokerage firm to act as their agent. It is common practice to record the client’s name; assign a client number; and build a history or profile of instructions,

contacts, and a record of imported and exported goods. This is the client's profile and gives the customs broker insight into their customer's business and needs. It is highly confidential.

As well, the client profile is important because:

- It provides information to the release technician that enables the technician to complete a release package properly.
- It makes the release technician aware of any special instructions.
- It allows the release technician to make a release decision based on past performance and within the credit terms of that importer.
- It ensures that the proper company is billed.
- It enables the release technician to do their job within company and client guidelines and with the least amount of financial risk to the firm.

It is critical that a customs broker reviews a client's profile before every transaction, even though it may have processed that client's paperwork many times before. There may have been a change or an important D-memo added that, if ignored, could cause serious loss to the client or customs broker. Keep the client profile current and note the history of every transaction. The client profile is there for a good reason—to ensure that the client is well served.

Not all client profiles are the same. Look at the sample client/importer profile in Figure 1.1 and make yourself aware of the client's special requests. For example, Note 1 indicates that the client wishes to be contacted *before* the release of goods to confirm that they are to be billed for any duty and taxes. This note may appear in those cases where charges are billed to the supplier. Should you not read this note or ignore it, the client may refuse to pay the customs brokerage bill, as well as other charges such as duty and taxes.

FIGURE 1.1 Sample Client/Importer Profile

NAME:
ABC Imports
P.O. Box 123, 123 Any Street
City, Province, Canada
Telephone: 416-555-1212
Fax: 416-555-1218
GST Registration Number: 0100118090
Business Number: 12345 6789 RM 0001
Client Number: 252
Credit Code: 4
Licences: E-0863381
GAC or Global Affairs Canada File Number: 7721
Contact: Mr John Doe, Traffic Manager
Telephone extension: 5280
WHOLESALER OF PLASTIC MATERIALS
Notes
<ol style="list-style-type: none">1. Do not release any shipment until Mr Doe confirms that ABC Imports are to be billed for any duties and taxes.2. Contact Mr Doe for delivery instructions on overseas containers.3. Do not pay any charges on behalf of ABC Imports, including freight, unless authorized to do so by Mr Doe.

KEY TERMS

Administrative Monetary Penalty System (AMPS), 2	Certified Trade Compliance Specialist (CTCS), 6	foreign customs brokers, 10
anti-dumping duty, 13	<i>Customs Act</i> , 11	foreign exporter, 10
Canada Border Services Agency (CBSA), 2	customs memoranda, 13	freight forwarders, 10
Canada Revenue Agency (CRA), 3	<i>Customs Tariff</i> , 11	General Agency Agreement (GAA), 7
Canadian customs brokers, 4	D-memoranda, 14	Goods and Services Tax (GST), 12
Canadian importer, 8	duty, 4	Harmonized Sales Tax (HST), 13
carriers, 8	<i>Excise Act</i> , 12	Measures in Force, 13
Certified Customs Specialist (CCS), 6	<i>Excise Act, 2001</i> , 11	<i>Special Import Measures Act</i> , 13
	excise duty, 11	tariff, 6
	<i>Excise Tax Act</i> , 12	vendors, 10

REVIEW QUESTIONS

MULTIPLE CHOICE AND TRUE/FALSE QUESTIONS

- Which government agency is responsible for administering tax laws for the Government of Canada?
 - Canada Border Services Agency (CBSA)
 - Canada Revenue Agency
 - Canadian Food Inspection Agency
 - Canadian Security Intelligence Service
 - Canada Customs and Revenue Agency
- The CBSA is part of which of the following?
 - Global Affairs Canada
 - Royal Canadian Mounted Police
 - Public Safety Canada
 - Canadian Security Intelligence Service
 - Justice Canada
- HST is collected on both commercial and casual importations. True or false?
- Which of the following is not subject to excise duty, whether they are manufactured in or imported into Canada?
 - spirits
 - wine
 - tobacco products
 - beer
 - glycol
- Which of the following provinces does not collect HST?
 - Manitoba
 - New Brunswick
 - Newfoundland and Labrador
 - Nova Scotia
 - Ontario

SHORT ANSWER QUESTIONS

- What examination must be passed before applying for a licence to conduct business as a customs broker?
- What are the five requirements that must be met before an individual can become a licensed customs broker?
- List three acts administered by the CBSA that affect the importation of goods.
- Where must carriers declare or report goods to the CBSA?
- Provide the definition of dumping.