



Ottawa, August 27, 2008

# MEMORANDUM D17-1-13

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## **In Brief**

### **INTERIM ACCOUNTING (PROVISIONAL DOCUMENTATION)**

This memorandum has been revised as follows:

- to reflect the organizational changes resulting from the creation of the Canada Border Services Agency (CBSA);
- paragraph 11 has been modified to reduce the data required on the lead sheet for a provisional entry;
- paragraphs 13 and 15 have also been modified to remove outdated information.



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Ottawa, August 27, 2008

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## INTERIM ACCOUNTING (PROVISIONAL DOCUMENTATION)

This memorandum outlines and explains the policies and procedures relating to the release of and accounting for goods qualifying for provisional entry into Canada.

### Legislation

For the regulations governing the guidelines and general information contained in this memorandum, refer to the *Accounting for Imported Goods and Payment of Duties Regulations* which are available on the Department of Justice Canada website at: <http://laws.justice.gc.ca>.

## GUIDELINES AND GENERAL INFORMATION

1. In certain situations, the importer/owner or broker cannot establish a final value for duty of goods at the time of importation. In such cases, goods may be released under the interim accounting provisions of subsection 32(2) of the *Customs Act* by obtaining authorization from the regional CBSA Trade Compliance Division (TCD) office, according to sections 14 and 15 of the Regulations.
2. The importer/owner or broker will request authorization for interim accounting to the TCD at the regional CBSA office where the majority of shipments will be released. Before giving approval, the TCD will review the information to ensure that conditions for tariff classification, origin, taxable status, etc., are met.
3. The following goods may be released on an interim accounting basis:
  - (a) plans, drawings, and blueprints imported for use in a construction project or facility installations in Canada;
  - (b) large installations of systems, machinery, and equipment imported for use in a thing being installed in Canada;
  - (c) military equipment imported by the Department of National Defence; and
  - (d) material, components, and parts imported by the Department of National Defence for use in the repair, maintenance, modification, and testing of such equipment.

**Note:** For an alternative method to provisional entry procedures for goods enumerated in subparagraph (a), see

Memorandum D13-11-2, *Value for Duty of Certain Information-Based Products (Customs Act, Sections 48 to 53)*.

4. Once authorized, the importer/owner or broker must present a master provisional accounting document (Form B3, *Canada Customs Coding Form*) to the CBSA before or upon arrival of the first shipment into Canada. This document must be supported by a copy of the letter of authorization as well as information regarding the total value of the goods as detailed in D17-1-4, *Release Of Commercial Goods*. In addition, the importer/owner or broker must notify the CBSA in writing of the project's expected completion date.
5. The importer/owner or broker must give a security deposit, either in cash or with a certified cheque, for the amount of duties payable. CBSA offices should refer to *Comptrollership Manual*, Finance Volume, Chapter 14 ([www.cbsa.gc.ca](http://www.cbsa.gc.ca)), for details on the receipt, control, and disposition of the security.
6. A copy of the provisional Form B3 is kept by the responsible regional TCD pending the determination of the value for duty. The other copies will be processed by the CBSA in the usual manner.
7. If importers/owners intend to claim the United States Tariff, the Mexico Tariff, the Mexico-United States Tariff, the Canada-Israel Agreement Tariff, or the Chile Tariff for the goods, they must indicate it in their initial submission to the TCD requesting the authorization to use these provisional documentation procedures. They should then support the request with any documentation available at that time such as a NAFTA Certificate of Origin and sourcing information.
8. If, after making enquiries, the TCD cannot reasonably determine that all the goods meet the rules of origin and conditions to qualify for use of the United States Tariff, the Mexico Tariff, the Mexico-United States Tariff, the Canada-Israel Agreement Tariff, or the Chile Tariff, they will request additional security to cover duties that would be payable under the Most-Favoured Nation (MFN) tariff treatment or other applicable tariff treatment.
9. If the use of the United States Tariff, the Mexico Tariff, the Mexico-United States Tariff, the Canada-Israel Agreement Tariff, or the Chile Tariff is acceptable and is claimed on the provisional Form B3, the importer/owner or broker must submit a valid Certificate of Origin for review by the CBSA. The origin of the goods will be reviewed again at the closing date and adjusted if necessary.

10. As individual shipments are received, they are released on a Release on Minimum Documentation (RMD) as “value included” against the provisional Form B3. These shipments are released without formal accounting; however, the CBSA controls the shipments through copies of the RMD package. After processing this package, the CBSA release office must forward it to the regional TCD holding the suspense file.

11. The importer/owner or broker is responsible for marking the transaction number of the provisional Form B3 on the first page of the release package or lead sheet.

12. If an importer/owner or broker presents, in error, a final accounting document and pays the duties on a shipment for which provisional procedures have been established, a refund claim for duplicate payment may be accepted, under paragraph 74(1)(d) of the *Customs Act*, on Form B2, *Canada Customs – Adjustment Request*. Any rebate of GST must be filed, as outlined in Memorandum D17-2-1, *Coding of Adjustment Request Forms*.

13. Where goods have been released under RMD procedures, and the importer/owner or broker has used, in error, a transaction number other than the number applied to the provisional Form B3, the incorrect transaction number may be deleted as long as a final accounting document, Form B3 type AB, has not been presented. Details can be found in D17-1-4, *Release of Commercial Goods*.

14. The regional TCD will monitor the suspense file on a quarterly basis to verify importations. Once the closing date has been reached and the project completed, the provisional Form B3 documents are amended on Form B2 for additional assessment or for refund, as applicable. Such refunds do not include overpayments of GST. Any rebate of GST must be filed according to the directives in Memorandum D17-2-1.

15. Paragraph 74(1)(c.1) of the *Customs Act* stipulates a one-year time frame for NAFTA and CCFTA goods. For more information on refunds, please refer to Memorandum D6-2-3, *Refund of Duties*.

## REFERENCES

<p><b>ISSUING OFFICE –</b></p> <p>Entry, Accounting and Adjustment Policy Licensing, Export and Accounting Policy Division Border and Compliance Programs Directorate</p>	<p><b>HEADQUARTERS FILE –</b></p> <p>7600-7</p>
<p><b>LEGISLATIVE REFERENCES –</b></p> <p><i>Customs Act</i>, sections 48 to 53, and 74; subsections 32(1), (2), (3), and 32.2 <i>Customs Tariff</i>, subsection 24(1)</p>	<p><b>OTHER REFERENCES –</b></p> <p>D6-2-3, D11-4-2, D11-4-14, D13-3-1, D13-11-2, D17-2-1 <i>Comptrollership Manual</i>, Finance Volume, Chapter 14</p>
<p><b>SUPERSEDED MEMORANDA “D” –</b></p> <p>D17-1-13, March 8, 2001</p>	

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