



Ottawa, July 24, 2015

# Customs Notice 15-029

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## Container Bank Program (CBP)

1. This customs notice provides information regarding the Container Bank Program (CBP).
2. Heading 98.01 of the Schedule to the [Customs Tariff](#) provides for duty and tax free importation of containers of Chapters 86, 87, 88 or 89, engaged in the international commercial transportation of goods, including any ancillary equipment necessary to ensure the safety, security, containment and preservation of the goods. However, such containers may only be used for this purpose and not for other purposes in Canada.
3. Headings 98.13 and 98.14 of the Schedule to the [Customs Tariff](#) provide for goods which originate in Canada or which are imported and accounted for under section 32 of the [Customs Act](#) to be exported and subsequently reimported customs duty free if the goods are returned without having been advanced in value or improved in condition by any process of manufacture or other means, or combined with any other article abroad. In addition, if there was a refund or drawback when the goods were exported or they were manufactured in bond, then the amount of the refund or drawback must be repaid or the customs duty to which they would have been liable had they not been exported from Canada must be paid. These provisions apply to the specific goods and not to substitutes, even identical goods.
4. Goods which are eligible for customs duty relief under Headings 98.13 or 98.14 may be eligible for goods and services tax (GST) relief. However, GST is not relieved for goods under these headings if, prior to importation, the goods were:
  - (a) sold or leased (or similar arrangement) outside Canada;
  - (b) supplied in Canada for export under conditions resulting in zero-rating of the supply under Part V of Schedule VI of the [Excise Tax Act](#); or
  - (c) supplied to a non-resident recipient who was entitled to claim a rebate of the GST paid on the goods under subsection 252(1) of the [Excise Tax Act](#).

### Container Bank Program (CBP)

5. The CBP facilitates the accounting for and movement of a client's containers which are exported from and returned to Canada. It is done through the establishment of a "container bank" with the CBSA. The CBP provisions were initially established through the "Importation of goods once exported from Canada Regulations" (repealed January 1, 1998) and GST relief is provided through the [Excise Tax Act](#), Schedule VII, Section 9.
6. For the purpose of the CBP:
  - (a) "accounting", unless otherwise specified, means the financial accounting system maintained by a company under a CBSA authorized container bank;
  - (b) "company" means a corporation, partnership or association;
  - (c) "container" is a reusable packing article upon which or within which goods are placed for transport (e.g., pallet, skid, crate, rack, core, or other similar article) and includes rack dunnage where such dunnage is reusable and generally identifiable by part number. It includes a "similar container";

it does not include foreign-based containers engaged in the international commercial transportation of goods under heading 98.01 of the Schedule to the [Customs Tariff](#);

(d) “container bank” means an inventory of containers or similar containers that is based on the maximum quantity or value of each type of a company’s container actually in Canada during a period of time mutually agreed upon between the company and the regional CBSA officials where, unless exempted under the [Excise Tax Act](#), the GST payable on the containers pursuant to that Act has been paid and the containers have been accounted for under the *Customs Act*, or originated in Canada;

(e) “dunnage” means material used to protect and secure cargo during transportation. Sometimes this is inexpensive or waste material, but modern systems may be comprised of mechanical, spring-loaded post-and-socket systems. Dunnage also segregates cargo in the hold and prevents shifting of the cargo in response to ship motions. It also includes dunnage bags;

(f) “dunnage bags” are air-filled pouches that can be used to stabilize, secure and protect cargo during transportation and are used in all modes of transportation;

(g) “similar container” means a container imported into Canada by a company, where that container closely compares to a container exported by that company with respect to the container’s capability for holding like quantities of identical goods and it being commercially interchangeable with a type of container included in that company’s container bank.

7. For greater certainty, this administrative policy does not affect, in any way, the requirement or exemption respecting the accounting of containers pursuant to section 32 of the *Customs Act* and the [Accounting for Imported Goods and Payment of Duties Regulations](#). In addition, importers authorized under the Customs Self Assessment (CSA) program should refer to [Memorandum D17-1-7, Customs Self Assessment Program for Importers](#) for information regarding the reporting of empty containers. The CBP also does not exempt authorized participants/importers/carriers/etc. from meeting any and all applicable other government departmental requirements (for example, Canadian Food and Immigration Agency requirements related to wooden containers, etc.).

## Procedures

8. Where a container bank has been authorized by the CBSA a company may import containers or a like quantity of similar containers on a duty and tax free basis, provided that the maximum quantity or value of any one type of the company’s containers actually in Canada during a period of time that is mutually agreed upon between the company and the local CBSA officials, does not exceed its container bank for that type of container.

9. In order to operate a container bank, a company must apply in writing to the CBSA for authorization. The letter requesting permission to operate a container bank should be sent to the Manager of the applicable office below for the areas through which the containers will be returned to Canada or, where the containers are expected to be imported through multiple areas, where the company’s principal office is located:

**(a) Atlantic/Quebec/Eastern Ontario:**

Manager, Regional Programs  
400 Place d’Youville, 5th floor  
Montréal, QC H2Y 2C2

**(b) Greater Toronto/Southern Ontario:**

Manager, Regional Programs  
1 Front Street West, 3rd floor  
Toronto, ON M5J 2X5

**(c) Prairies:**

Manager, Regional Programs  
 269 Main St., 1st floor  
 Winnipeg, MB R3C 1B3

**(d) Pacific:**

Manager, Regional Programs  
 412-1611 Main Street  
 Vancouver, BC V6A 2W5

10. The authorization request must be in writing and should include the following information:

- (a) the maximum quantity and/or value and description of each type of container actually in Canada during a period of time covering not less than one month and not more than one year, that is mutually agreed upon between the company and the local CBSA officials;
- (b) documentary evidence of the quantity of containers purchased in Canada and copies of the CBSA accounting documents for the containers previously imported, to establish the opening inventory;
- (c) if a company chooses to maintain its accounting of containers based on the quantity of specific goods imported in a single container, the description and quantity of the specific goods each type of container is designed to contain;
- (d) a description of the system by which the company intends to account for the containers and maintain records of their movement into and out of Canada, in accordance with paragraph 11 below; and
- (e) the CBSA offices through which the containers will be imported.

11. In order for the CBSA to authorize a container bank, a company must agree to:

- (a) do a physical inventory upon request or maintain an accounting system and keep any records that will enable the CBSA to determine
  - (i) whether the quantity or value of any one type of container in Canada during a period of time mutually agreed upon between the company and the local CBSA officials exceeds the quantity authorized by the CBSA for that type of container in the container bank,
  - (ii) whether there has been any change in the periods of time where the maximum quantity or value of any type of container is required in Canada by a company,
  - (iii) in the case where a company accounts for its containers under sub-paragraph 10(c) of this notice, whether there has been any increase or decrease in a company's trade in goods transported by container, and
  - (iv) whether the accounting system and any records kept provide for adequate control over the movement of containers;
- (b) present a written report at intervals of time mutually agreed upon between the company and the local CBSA officials to the regional CBSA office referred to in paragraph 9 above or, where the regional CBSA office has directed that the container bank be monitored by the local CBSA officials, to the local CBSA office when containers are:
  - (i) no longer in service,
  - (ii) replaced or the authorized quantities or values of containers of any one type in the container bank have been exceeded,

- (iii) used by third parties who will establish their own container bank, or
- (iv) subject to drawback,

so that the quantities or values of containers in a company's container bank may be adjusted accordingly and that the company submits [Form B2, Canada Customs - Adjustment Request](#) to account for the imported containers in accordance with the [Customs Act](#); and

- (c) include in the written report referred to in sub-paragraph 10(b) above the transaction number and date appearing on the CBSA accounting documents for all importations of additional and replacement containers.

12. Where a company allows a third party to use containers from its container bank, the company must notify the CBSA office which originally authorized the container bank of the third party's name, and advise whether the company will:

- (a) do a physical inventory upon request or maintain an accounting system and any records in accordance with paragraph 11 of this document; or
- (b) deduct the quantities or values of each type of container used by the third party from its container bank and the third party would then seek authorization by the CBSA for its own container bank.

13. In those instances where a company wishes to operate a container bank in more than one CBSA region, the company may apply for a container bank to the regional CBSA office for the area where the company's principal office is located. That CBSA office or, where directed by that office, another CBSA office, will monitor the container bank operation. The company's principal office will do the physical inventory or maintain the accounting system and any records referred to in paragraph 11 above for the movement of its containers in all regions. However, where a company's offices are independent of each other, each office may apply for its own container bank to the appropriate CBSA region.

14. The CBSA will notify a company in writing confirming the effective date and the terms and conditions for the authorization of the company's container bank once the requirements of paragraphs 10 and 11 above have been met.

15. The CBSA may cancel an authorization at any time if the terms and conditions of paragraph 10 of this document are not complied with. A registered letter will be sent to a company when an authorization is cancelled explaining the reason for cancellation.

16. Where there has been an increase in a company's volume of trade in goods transported by container and the company has not reported any increase in the quantity or value of containers in its container bank, the CBSA may request that a physical inventory be done or it may audit the company. Such a request or audit does not limit the CBSA from requesting physical inventories or conducting audits or verifications for other reasons.

### **Examples of Accounting Systems and Record-keeping of Container Banks**

17. It is expected that the accounting system and record-keeping for container banks will differ from one company to another. Accounting systems may be periodic or perpetual, manual or computerized, etc. Some examples of systems that may be used to monitor and control container banks are outlined below. Other systems that meet the requirements of paragraph 11 of this document will also be considered:

- (a) It is not necessary to maintain separate ledgers for containers classified under either Heading 98.13 or 98.14. The total quantities or values of a type of container, whether of Canadian or foreign origin, may be combined on a single ledger.

(b) Where a type of container is used to package a specific quantity of identical goods, a ratio between the number of goods imported and the number of containers imported can be used to calculate the total quantity of containers in Canada. To illustrate, the maximum quantity of goods imported by containers during the periods of time referred to in sub-paragraph 10(a) above divided by the maximum quantity of identical goods that may be transported in a single container equals the total number of imported containers. From that total, a deduction of the number of containers of that type exported during the period would provide the maximum quantity of containers in Canada.

(c) Where a company leases its containers, a ledger can show the quantity of each type of container exported from Canada during the periods of time referred to in sub-paragraph 10(a) above. The quantity billed minus the quantity exported during those periods should indicate the maximum quantity of each type of container in Canada.

(d) Where a company owns all its containers, it needs only to record the quantity and type of additional containers purchased. These purchases must be reported to the CBSA in order that they may be accounted for under the [Customs Act](#) if they are imported. The CBSA will then re-adjust the quantities in the container bank as necessary.

(e) Where a company's containers are supplied from abroad on a "free" basis, a record or journal may be kept for the periods of time referred to in sub-paragraph 10(a) above. Any quantity in excess of the previously authorized container bank must be reported to the CBSA and accounted for under the [Customs Act](#). The CBSA will re-adjust the quantities in the container bank accordingly.

(f) A company may maintain its accounting of containers by means of a valuation system. When presenting its report, a company would provide the CBSA with the current prices of each different type of container in its container bank. The report should provide the details of the accounting for each type of container and a recapitulation sheet showing:

- (i) the previous report's container bank total credit converted to current prices,
- (ii) the amount deducted for containers removed from service since the previous report,
- (iii) the resulting inventory credit,
- (iv) the value of containers reinstated in service, added since the previous report,
- (v) the value of containers purchased in Canada and the value of those that were accounted for under section 32 of the [Customs Act](#), added since the previous report,
- (vi) the value of containers repaired, added since the previous report,
- (vii) the resulting container bank credit,
- (viii) the value of the maximum quantities of containers actually in Canada during the period of time mutually agreed upon between the company and the local CBSA officials,
- (ix) the resulting credit or debit difference between sub-paragraphs 17(f)(vii) and (viii). (Where there is a debit, the duties and taxes, including GST, must be paid. The container bank inventory will be increased accordingly. Where there is a credit, duties and taxes are not payable.),
- (x) the amount of duties and taxes paid or payable on the debit difference of imported containers,
- (xi) the amount of GST paid or payable on the debit difference in sub-paragraph 17(f)(ix) plus any customs duties payable in sub-paragraph 17(f)(x), and
- (xii) the transaction number and date appearing on the CBSA accounting documents covering the information on the recapitulation sheet.

**Additional Information**

18. For more information, within Canada call the Border Information Service at **1-800-461-9999**. From outside Canada call 204-983-3500 or 506-636-5064. Long distance charges will apply. Agents are available Monday to Friday (08:00 – 16:00 local time / except holidays). TTY is also available within Canada: **1-866-335-3237**.