

# Trade Matters

A Newsletter on Customs & International Trade

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## Customs Self Assessment and your Customs Broker

### A New Option for Importers

In the fall of 2001 the Customs Self Assessment (CSA) program will be available to **qualified** importers. CSA provides importers with a new way to account for imported goods and make payments due on those goods to the Canada Customs and Revenue Agency (CCRA). In some circumstances CSA may also provide participants with a streamlined process for clearing goods at the border.

As an importer, CSA may be an option – but it must be considered very carefully:

- Developing and maintaining the business accounting systems required to join the program may prove to be costly, while the benefits may prove to be elusive.
- Measuring the potential benefits against the costs requires a broad assessment of your current Customs processes, technology capabilities, and long-term objectives.
- Because CSA places greater responsibility on you, as an importer, for Customs compliance, you may need to develop a stronger relationship with your customs broker.

### How does CSA accounting work?

If you import goods through the CSA program, you no longer account for and make payments to Customs on a transaction-by-transaction basis. Instead, you keep track of all relevant information on the goods you import using your own business systems. You or your broker then account for imported goods and make payments to Customs on a monthly basis, using an import data reporting and revenue summary form.

The accounting systems you use must meet very stringent requirements. You need to maintain tight integration between your purchasing, receiving, Customs and accounting processes, capable of generating complete, cradle-to-grave documentation for each shipment. All of the information currently required for Customs accounting must be captured and maintained within the system, and made available for Customs audits on demand. Your customs broker will be able to help you establish the links you need to meet Customs requirements.

This places a much greater responsibility on you, as the importer, to maintain complete and accurate Customs information about how your goods are classified and valued for Customs purposes. Errors found in post-importation audits are subject to substantial penalties under CCRA's Administrative Monetary Penalty System (AMPS).

### How does the CSA clearance option work?

As a CSA –approved importer, you *may* benefit from expedited clearance of your shipments at the border. In the best case scenario, your goods may be released on arrival, after a Customs inspector records information about the carrier, the driver, and your CSA account number.

However, expedited clearance is available only under limited circumstances

- The goods imported **must** be shipped from the U.S., and designated “low risk”; goods shipped from countries other than the U.S. are not eligible at this time.
- The goods **must not** be subject to import controls or permits.
- The goods **must not** be subject to regulation by government departments other than CCRA (ie: CFIA)
- The carrier of the goods **must** also be approved and participate in the CSA program.
- The driver **must** be registered with CCRA.

The situation is further complicated if your goods are part of an LTL shipment, especially if your carrier has included your shipment with non-CSA approved shipments.

In any event, CSA shipments can still be subject to inspection at the border

### **CSA as a business decision**

CSA is clearly not a viable option for every importer. You need to evaluate the costs and benefits of CSA in the context of your specific circumstances, business operations, and future business plans. Do the types of goods you normally import qualify for expedited clearance under CSA? Will the carriers you work with participate in the CSA program? Do you have – or are you ready to develop – the integrated software and business accounting systems you need to qualify? Are you prepared to assume greater responsibility – and the attendant liability – for compliance under CSA?

Developing and maintaining the integrated accounting systems required by CCRA may prove expensive. If these systems are considered simply as an alternative method for handling Customs transactions, the investment may not be worthwhile. However, if you are already planning on developing more integrated business systems, CSA may be a logical step in that direction.

### **The role of your Customs Broker**

CSA shifts the Customs accounting and payment process away from single transactions and isolated data elements, towards greater integration with your business operations as a whole. If you opt into the CSA program, you may need your broker to play a more integral role in those operations.

“Self assessment” does not mean “self clearance” and it certainly does not mean “no assessment”. All of the information captured by your Customs processes today must still be accounted for under CSA. Because this information must be integrated on a business-wide bases – and because of the liabilities you assume under CSA – the knowledge and expertise of your broker become more important than ever.

**If you think CSA might be a good option for you, talk to us. We will help sort out the costs and benefits of the program, based on your specific business needs. And if you find CSA attractive, we can provide the expert advice you need to benefit from the program.**

Our email address: [info@courtney.ca](mailto:info@courtney.ca)

**If you have an E-Mail address, we would like to know:**

Name: \_\_\_\_\_

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