



Ottawa, May 9, 2014

# Memorandum D6-2-5

## Abatement of Customs Duties

### In Brief

The editing revisions made in this memorandum do not affect or change any of the existing policies or procedures.

This memorandum outlines and explains the policy and procedures for the abatement of customs duties.

### Legislation

Sections 73 to 81 of the [Customs Act](#)

Regulations Respecting the Abatement of Duties on Imported Goods that Have Suffered Damage, Deterioration or Destruction or a Loss in Volume or Weight

#### Short Title

1. These regulations may be cited as the [Abatement of Duties Payable Regulations](#).

#### Interpretation

2. In these Regulations,

“Act” means the [Customs Act](#); (*Loi*).

“qualified appraiser” means a person who, in relation to any goods, is qualified by virtue of his business, occupation or profession to appraise those goods and to appraise the loss in value thereto where the goods have suffered damage, deterioration or destruction. (*appréciateur qualifié*)

#### Determination of Amount of Abatement

3. (1) The amount of an abatement of duties that may be granted on imported goods that have suffered damage, deterioration or destruction from the time of shipment to Canada to the time of release shall be

(a) in the case of perishable goods or brittle goods such as crockery, china, glass and glassware, an amount equal to that proportion of the duties otherwise payable on the goods that 85 per cent of the loss in value of the goods is of the value for duty of the goods;

(b) in the case of sugar or any other saccharine product on which duty is determined according to the polarimetric test and that has suffered damage or deterioration from salt water, an amount equal to the difference between

(i) the duties otherwise payable on the goods, and

(ii) the duties that would be payable on the goods if, after the percentage of polarization of the goods is determined, there is deducted from that percentage an amount equal to five times the percentage of salt present in that portion of the water found in the damaged goods that is in excess of the water found in samples of undamaged goods, as certified by an officer authorized to test such samples; and

(c) in the case of any other goods, an amount equal to that proportion of the duties otherwise payable on the goods that the loss in value of the goods is of the value for duty of the goods.

(2) The determination of the loss in value of goods shall be made by a qualified appraiser.

4. (1) Subject to subsection (2), the amount of an abatement of duties that may be granted on imported bulk wines and spirits that have suffered a loss in volume or weight arising from natural causes while in a bonded warehouse shall be an amount equal to that proportion of the duties otherwise payable on the goods that the loss in volume or weight is of the volume or weight of the goods when originally warehoused.

(2) No abatement of duties shall be granted under subsection (1) in respect of any loss in volume or weight in excess of one sixth of one per cent of the original volume or weight multiplied by the number of months that have elapsed since the date of original warehousing or eight per cent of the original volume or weight, whichever is the lesser.

#### **Abatement Not to be Granted**

5. No abatement of duties shall be granted in respect of

- (a) goods for which there is a manufacturer's or producer's recommended shelf life period or allowable storage-before-use period if the goods have suffered damage or deterioration by reason of the expiration of that period;
- (b) iron or steel or any manufacture thereof that has suffered damage or deterioration by reason of rust; or
- (c) packages of liquids that have suffered damage or deterioration, where the damage or deterioration is confined to the package and does not extend to the liquid contents thereof.

### **Guidelines and General Information**

1. For purposes of section 3 of the Regulations respecting the abatement of duties on imported goods that have suffered damage, deterioration or destruction or a loss in volume or weight (Regulations), importers/owners who are of the opinion that goods have suffered damage, deterioration or destruction from the time of shipment to Canada to the time of release from the Canadian Border Services Agency (CBSA) must:

- (a) in the case of perishable goods or brittle goods, provide to the CBSA a written statement from a qualified appraiser, which clearly outlines the extent of the damage, deterioration or destruction. The statement must fully outline the amount or percentage of loss in relation to the value of the goods imported.
- (b) in the case of sugar or any saccharine product, which has suffered damage or deterioration from salt water, a test will be conducted by an officer of the Science and Engineering Directorate of the CBSA to provide the certification referred to in paragraph 3(1)(b)(ii) of the Regulations.

#### **Additional Information**

- 2. For certainty regarding the tariff classification of a product, importers may request an advance ruling. Details on how to make such a request are found in CBSA [Memorandum D11-11-3, Advance Rulings for Tariff Classification](#).
- 3. 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**.

<b>References</b>	
<b>Issuing Office</b>	Trade and Anti-dumping Programs Directorate
<b>Headquarters File</b>	6561-0
<b>Legislative References</b>	<a href="#"><i>Customs Act</i></a> <a href="#"><i>Abatement of Duties Payable Regulations</i></a>
<b>Other References</b>	
<b>Superseded Memorandum D</b>	D6-2-5 dated June 1, 1986