



Memorandum D8-3-8

Ottawa, June 24, 2015

Canadian Civil Aircraft, Canadian Aircraft Engines and Flight Simulators Repaired Abroad

In Brief

A complete review of this memorandum was made. The editing revisions do not affect or change existing policies or procedures, including changes to the Canada Border Services Agency organizational structure.

This memorandum outlines and explains the conditions under which a remission may be granted under the [*Repair Abroad of Canadian Civil Aircraft, Canadian Aircraft Engines and Flight Simulators Remission Order*](#).

Guidelines and General Information

1. This Order remits the goods and services tax/harmonized sales tax (GST/HST) on all Canadian manufactured or previously accounted for civil (i.e., non-military) aircraft, aircraft engines, and flight simulators, as well as parts of all the foregoing, when returned to Canada after having been repaired abroad. Applicable taxes, however, must be paid on the value of the parts used in performing the repairs.
2. In order to be accorded a remission under this Order, a part exported for repair must be classifiable under tariff item No. 9967.00.00 of the [*Customs Tariff*](#). Both complete parts and components of complete parts may qualify under this Order.
3. For the purposes of this Order, a repair of Canadian civil aircraft, aircraft engines, flight simulators, or parts thereof shall include:
 - (a) regular maintenance;
 - (b) parts requiring overhaul within a time period designated by the manufacturer or as required by federal regulations; and
 - (c) rebuilding, refurbishing, modification, and conversion of the aircraft, aircraft engine, flight simulator, or parts of all the foregoing, to restore the article to an operating condition.
4. A remission under this Order may be granted whether or not the repairs could have been made in Canada.
5. To qualify for relief under this Remission Order, it must be substantiated that civil aircraft, aircraft engines, flight simulators, and parts thereof temporarily exported for repairs originated from Canada and are not new importations. Proof of origin for Canadian goods returning to Canada is required by the Canada Border Services Agency (CBSA) at the time of release of the goods.
6. Where possible, the CBSA has attempted to align its documentation requirements for proof of export, destruction, or origin with existing commercial documents. The commercial documents must describe the goods in sufficient detail to enable the CBSA officer to verify that the goods returning to Canada are of Canadian origin. This may take the form of a work order or contract from the Canadian owner with a commercial invoice for the repairs. Acceptable proof of export is fully described in [*Memorandum D20-1-4, Proof of Export, Canadian Ownership, and Destruction of Commercial Goods*](#). A Form [*E15 Certificate of Destruction/Exportation*](#) may also be used. Detailed instructions on the use and completion of the form may be found in Memorandum D20-1-4.

However, it should be noted that failure to present conclusive proof may result in the denial of relief of duties and/or taxes.

7. All goods presented for identification at an inland CBSA office must be forwarded “in bond” to the customs point of exit; otherwise, the goods must be identified at the customs point of exit. The regulations relating to bonding requirements may be found in [Memorandum D3-1-1, *Policy Respecting the Importation and Transportation of Goods*](#).
8. Articles should be presented to the CBSA for examination prior to packing and crating if this packing and crating would render the articles impossible to identify at the time of export.
9. At the time of re-importation of the repaired articles, the original of Form [E15](#) or export document should be filed with the CBSA copy of the import account document, and a copy of the form should be attached to the CBSA copy of the accounting document.

Aircraft Emergency Repairs

10. Subsection 101(2) of the [Customs Tariff](#) (as outlined in [Memorandum D8-2-1, *Canadian Goods Abroad Program*](#)) provides relief of the GST/HST otherwise payable on aircraft repaired outside of Canada and on the value of the repairs made to the aircraft, provided:

- (a) the repairs were declared at the time of importation; and
- (b) the repairs resulted from an unforeseen contingency that occurred outside of Canada and were necessary to enable the safe return of the aircraft to Canada.

Invoicing of Repairs

11. A Form [CII, *Canada Customs Invoice*](#) is to be completed where applicable. The full value of the goods at the time of return to Canada is to be shown in the selling price column of the invoice. A statement of the value of the repair is to be shown in the body of the invoice. The cost of the material used, labor, factory overhead, plus a normal profit markup are to be taken into consideration when calculating such value, whether a charge is made for the service or if it is performed free under warranty or similar arrangement.

12. All customs documents relating to goods for which remission is being claimed in accordance with this Order are to bear the number of the Order in Council, in the “Special Authority” field, in the following format: 82-1994.

CBSA Procedures to Be Followed at Exportation

13. The CBSA will examine the goods to ensure that they are, in fact, the goods described on the relevant export documents. Discrepancies between the goods described on the form and those examined must be clearly indicated by the CBSA officer.

14. If Form [E15](#) is used as proof of export, instructions on its completion and the CBSA procedures can be found in Appendix B to [Memorandum D20-1-4](#). The CBSA officer will check the appropriate boxes on Form E15 and sign and date stamp the appropriate fields upon completion of the examination.

Corrections and Re-determinations

15. In accordance with subsection 32.2(2) of the [Customs Act](#), the importer is obligated to make a correction to declarations of tariff classification, value for duty, and origin within 90 days after the importer has reason to believe that the original declaration is incorrect. For example, if the importer/exporter realizes that the goods exported/imported were not classifiable under tariff item No. 9967.00.00, the goods are no longer in compliance with a tariff item condition and the importer/exporter is obligated to adjust the accounting declaration for the goods.

16. To correct a declaration, Form [B2, *Canada Customs – Adjustment Request*](#) should be submitted to the appropriate regional CBSA office and any customs duties and taxes owing paid. A correction shall be treated for the purposes of the [Customs Act](#) as if it were a re-determination under paragraph 59(1)(a) of the [Customs Act](#).

17. The obligation to make a correction in respect of imported goods ends four years after the goods are accounted for under subsection 32(1), (3), or (5) of the [Customs Act](#).

18. For more information on the filing of corrections, refer to [Memorandum D11-6-6 “Reason to Believe” and Self-adjustments to Declarations of Origin, Tariff Classification, and Value for Duty](#).

Failure to Comply

19. If the goods no longer qualify under tariff item No. 9967.00.00 they will also fail to comply with the terms of the [Repair Abroad of Canadian Civil Aircraft, Canadian Aircraft Engines and Flight Simulators Remission Order](#). Under subsection 118(1) of the [Customs Tariff](#), within 90 days after the date of failure to comply, the importer must report the failure to comply to a CBSA officer and pay an amount equal to the amount of duties, in this case the GST/HST, that were relieved. When filing Form B2, the importer must insure that the “Special Authority” field is left blank.

20. Importers can submit a Form [B2](#) under a dual authority, in this case under subsections 32.2(2) of the [Customs Act](#) and 118(1) of the [Customs Tariff](#).

Audit, Examination, or Verification

21. If as a result of an audit, examination, or verification by the CBSA, goods are found to have been declared incorrectly, the customs duties payable on the goods will be subject to a re-determination or further re-determination under paragraph 59(1)(a) or (b) of the [Customs Act](#), whichever is applicable.

22. Under subsection 118(1) of the [Customs Tariff](#), where the importer has failed to comply with the terms of the Remission Order, an amount equal to the duties relieved will be owing. In this case, the GST/HST normally assessed against these goods will be due.

Interest and Penalties

23. In accordance with subsection 33.4(1) of the [Customs Act](#), the importer is liable to pay interest against any outstanding customs duty amount owed to the CBSA, from the day following the original date of accounting until the amount is paid in full. The interest will be calculated at the specified rate beginning on the first day after the date the importer became liable to pay the customs duties. For example, where it is determined that the goods were imported incorrectly under tariff item No. 9967.00.00 for the reason mentioned in paragraph 15, the importer is obligated to pay interest on the customs duty amount owing from the day following the original date of accounting until the amount owing is paid.

24. Under subsection 123(2) of the [Customs Tariff](#), interest at the specified rate is also owing against any duties owed the CBSA for the period beginning on the day that the goods were no longer in compliance with the terms of a Remission Order and ending on the day the amount is paid in full. However, under subsection 123(4), no interest will be incurred if the importer pays the amount owing within 90 days of the date of failure to comply. Continuing the example in paragraph 23, if the GST/HST and any excise taxes owing on the goods are paid within 90 days, no interest will be charged on that portion of the amount owing. If the GST/HST and any other excise taxes are not paid until after 90 days, interest will be charged as of the date of failure to comply.

Additional Information

25. More information on interest and penalty provisions may be found in [Memorandum D11-6-5, Interest and Penalty Provisions: Determinations/Re-determinations, Appraisals/Re-appraisals, and Duty Relief](#).

26. 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**.

References	
Issuing Office	Trade and Anti-dumping Programs Directorate
Headquarters File	6565-5-2
Legislative References	<i>Customs Tariff</i> <i>Customs Act</i> <i>Repair Abroad of Canadian Civil Aircraft, Canadian Aircraft Engines and Flight Simulators Remission Order</i>
Other References	D3-1-1 , D8-2-1 , D11-6-5 , D11-6-6 , D20-1-4 Forms E15 , C11 , B2
Superseded Memorandum D	D8-3-8 dated September 24, 1998