



Ottawa, March 27, 2015

Memorandum D6-2-6

Refund of Duties and Taxes on Non-commercial Importations

In Brief

This memorandum has been revised to reflect the new Government of Canada policy surrounding the refund of low value payments. In addition, service standards have been added and Appendix A has been updated with the current free trade agreement information. Finally, general updates clarifying refund procedures have been made.

This memorandum outlines and explains the procedures for the refund of duties, goods and services tax (GST), harmonized sales tax (HST), provincial sales tax (PST), provincial tobacco and alcohol taxes, and levies under the [Special Import Measures Act](#) (SIMA) for non-commercial importations brought into Canada by mail, courier, or hand carried by the traveller.

Legislation

[Customs Act](#), paragraph 59(1)(a), subsections 60(1), 60.1(1) and Sections 74 and 76

[Refund of Duties Regulations](#)

Guidelines and General Information

Definitions

1. For the purpose of this memorandum, the following definitions apply:

“Casual Goods” are defined as goods imported into Canada other than commercial goods; as per [Memorandum D17-1-3, Casual Importations](#) and the [Accounting for Imported Goods and Payment of Duties Regulations](#).

“Casual Goods Accounting Document” (Form BSF715, formerly Form B15) is used to account for goods acquired by travellers entering Canada from abroad.

“Casual Refund Centre” (CRC) is the Canada Border Services Agency (CBSA) office responsible for the receipt, review and processing of the Form [B2G](#) casual refund requests.

“CBSA Informal Adjustment Request” (Form [B2G](#)) is used to request an adjustment or refund of duties and taxes paid for non-commercial goods imported by mail, courier, or carried by the traveller.

“CBSA Postal Import Form” (Form E14) is used to assess duties and taxes and keep track of importations arriving through the mail.

“Foreign Sales Company” is a company located outside of Canada that markets its goods directly to the Canadian public through such media as catalogues, television, radio, magazine/newspaper advertisements, or online Internet shopping services (e-tailing), and that ships the goods to Canada either by mail or courier.

“Non-commercial goods” are defined as goods imported for individual use, and not intended for resale, commercial, industrial, occupational, institutional, or other like use. May also be referred to as casual goods.

“Refund of duties and taxes on non-commercial importations” means, the CRC will authorize refunds of duties, GST/HST, provincial taxes, and/or SIMA levies where goods imported have been subsequently exported, or where determination, re-determination, re-classification, or re-appraisal of goods are being requested, or where duties and taxes have been overpaid or paid in error.

Casual Refund Program

2. Under prescribed conditions, the [Customs Act](#) allows for a person who paid duties on imported goods to apply for, and for the Minister to issue a refund of all, or part of the duties and taxes collected on non-commercial (casual) importations.
3. Effective April 1, 2015, all casual refund requests in the amount of \$2.00 or less in duties and/or taxes will no longer be refunded as per the updated Government of Canada policy.
4. The Casual Refund Program manages the refund and adjustment processes for duties and taxes levied on non-commercial importations brought into Canada by mail, by courier or hand carried. The Program also allows for the reimbursement of duties and taxes paid, upon presentation of evidence that the imported casual goods have been returned to the sender.
5. It is the responsibility of border services officers to ensure that duties and taxes are collected on non-commercial goods imported into Canada at the time of importation, and after personal exemptions are applied to the eligible traveller. Refer to [Memorandum D17-1-3, Casual Importations](#) and [Memorandum D17-1-22, Accounting for the Harmonized Sales Tax, Provincial Sales Tax, Provincial Tobacco Tax and Alcohol Markup/Fee on Casual Importations in the Courier and Commercial Streams](#) and [series D2](#) for import and accounting requirements.
6. Only under the prescribed conditions, which are contained within the [Customs Act](#), will refunds be authorized. The CRCs are the designated authority for all casual refund requests under the [Customs Act](#).
7. The CRCs, which are located throughout Canada, have the delegated authority to refund, where applicable, duties, GST/HST, and provincial taxes, which were collected upon importation by either mail, courier, or carried by the traveller. CRCs are listed on the back of the Form [B2G, CBSA Informal Adjustment Request](#).
8. The following procedures are to assist non-commercial importers with their request to apply for a refund.

Requesting a Refund

9. An importer may request a refund of duties and taxes paid on non-commercial importations using Form [B2G](#).

Completion of *CBSA Informal Adjustment Request (Form B2G)*

10. Form [B2G](#) must be completed according to the instructions indicated on the reverse side of the form. The importer's signature must appear on either Form B2G or the accompanying correspondence requesting a refund of duties and taxes paid.
11. If a person other than the importer submits the request for refund, a letter signed by the importer authorizing the person to act as an agent, or a General Agency Agreement, must be included with the claim. The [B2G](#) is to be made out to the importer c/o customs broker with the importer's address. Only the person who paid the duties is entitled to a refund under the refund provisions of the [Customs Act](#), Section 74 and 76. Additional details for authorized agents can be found in [Memorandum D1-6-1, Authority to Act as an Agent](#).

Supporting Documentation

12. The original accounting document showing the amount of duties and taxes paid at the time of importation must be attached to Form [B2G](#). The accounting document required is dependent upon the method of importation: for travellers' importations attach Form BSF715 (formerly form B15); postal importations attach Form E14; and courier importations attach the courier receipt that includes the B3 transaction number.
13. Documents supporting the request for a refund or adjustment must be attached to Form [B2G](#). The following are examples of acceptable documentation:
 - (a) where after duties and taxes were paid and the goods were returned to the foreign sales company - a credit note from the foreign sales company showing that the importer's account was credited for the return of the goods, and proof that the goods were exported, such as, a bill of lading, a receipt, or other documentation that describes the goods and gives the date of export;

- (b) where the value of the goods is incorrect; proof of the correct value, such as an invoice from the exporter or foreign sales company;
- (c) where the goods were classified incorrectly or the wrong tariff treatment was applied - proof of the origin of goods such as invoices or purchase orders that provide a complete description and origin of the goods;
- (d) where the goods were damaged before release from the CBSA - proof from the exporter or shipper that the goods were damaged during shipping; or,
- (e) when the quantity or quality of goods delivered was less than claimed - proof from the exporter or foreign sales company such as a credit note or equivalent showing the quantity shipped or describing the goods that were actually sent.

14. For more details concerning the conditions for refunds and documentation requirements, please refer to Appendix A.

Time limitations

15. Requests for refunds must be made within one (1) year of the date of original importation for traveller and postal redeterminations of tariff classification, value and/or origin.

16. Requests for refunds under sections 74 or 76 of the [Customs Act](#) must be submitted within four (4) years of the original date of importation except when claiming the benefits of preferential tariff treatment under the North American Free Trade Agreement (NAFTA). The free trade agreement and paragraph 74(1)(c.1) of the [Customs Act](#) stipulate a one (1) year time frame.

17. To avoid delays with the review and processing, requests for refund or adjustment should be presented to the CRC corresponding to the importer's address, as indicated in the instructions provided on Form [B2G](#). The CBSA is not responsible for delays occurring from misdirected requests which impact the time eligibility specified under the [Customs Act](#). If an application is received in another office, the receiving office will forward the application to the appropriate CRC.

Authorized Refunds

18. The CRCs are authorized to refund, where applicable, all or part of the duties, taxes, GST/HST, SIMA levies as well as provincial sales tax and tobacco tax that were paid at the time of importation. For information on the application of HST please refer to memoranda [D2-3-6, Non-commercial Provincial Tax Collection Programs](#) and [D17-1-22, Accounting for the Harmonized Sales Tax, Provincial Sales Tax, Provincial Tobacco Tax and Alcohol Markup/Fee on Casual Importations in the Courier and Commercial Streams](#).

19. Provincial alcohol mark-ups/levies collected at time of importation will only be refunded when an error in calculation occurred, which results in an overpayment of taxes or when duty-paid unconsumed alcohol is exported.

20. Diplomatic missions, consular posts, and international organizations personnel are entitled to duty-free privileges. For further information, please refer to [Memorandum D21-1-1, Customs Privileges for Diplomatic Missions, Consular Posts, and International Organizations \(Tariff Item No. 9808.00.00\)](#). They must have their title and the name of the embassy, consular post or international organization clearly indicated on the parcel by the sender or exporter so that CBSA officials may recognize their duty-free status.

21. Refunds may not be claimed in respect of penalties imposed on imported goods. Information on how to appeal a penalty can be found on the [CBSA website](#).

22. The CRCs do not issue refunds of other government department (OGD) fees or penalties. Travellers and importers must contact the OGD to request refunds or adjustments of OGD fees and penalties.

23. The handling costs assessed on postal shipments are only refundable when the goods should have been duty-free and tax-exempt at time of importation. Canada Post charges for priority mail service, for example, Express Mail Service (EMS) items from the U.S., are non-refundable.

24. Blanket refund requests for casual goods are not accepted, with the exception of CREDITS participants on a case by case basis. Please refer to [Memorandum D6-2-3, Refund of Duties](#), for information regarding refunds of duties paid on commercial goods.

25. All refunds will be made payable to the importer to whom the goods were originally consigned.

26. The CBSA will strive to process casual refunds within 30-business days of receipt of the [B2G](#) package and all requisite supporting documentation.

Interest

27. For refunds granted under subparagraph 59(1)(a)(ii) of the [Customs Act](#) (re-determination of tariff classification, origin, or value of traveller or postal goods), interest will be computed at the prescribed rate for the period beginning on the first day after the duty was paid and ending on the day the refund is given.

28. For refunds granted under any other section of the [Customs Act](#), interest at the prescribed rate will be granted for the period beginning on the 91st day after the day the application for refund is received and ending on the day the refund is granted.

29. Interest will not be paid on any refunded amount of provincial sales taxes, tobacco taxes, and alcohol mark-ups/levies.

Voluntary Entries

30. Where importers find that insufficient duties and taxes were assessed on their non-commercial postal, courier, or traveller declarations, an adjustment to the original assessment may be submitted on Form [B2G](#).

31. Form [B2G](#) may be used to show the proper duties and taxes that should have been collected and must be accompanied by the original CBSA accounting documentation, for example, Form E14, Form BSF715 (formerly Form B15), or courier receipt. The claim should be submitted to the corresponding CRC as indicated on Form B2G.

Appeal Process

32. If an importer's refund or adjustment request is denied by the CRC for re-determination of tariff classification, origin, or value under subparagraph 59(1)(a)(ii) of the [Customs Act](#), the importer may appeal this decision. This can be done by letter addressed to the CBSA Regional Recourse Division, Trade Program Appeals Unit as stated on the CRC decision notice. The appeal request must be presented within 90 days of the Section 59 decision notice's decision date and include a copy of the decision along with information and documents supporting the request. Please refer to Appendix B of this memorandum and [Memorandum D11-6-7, Importers' Dispute Resolution Process for Origin, Tariff Classification, and Value for Duty of Imported Goods](#), for further information regarding appeal requests.

33. Where the importer's refund or adjustment request is rejected by the CRC for reasons other than the tariff classification, origin and value for duty, the importer may submit a new application along with appropriate supporting documentation to the originating CRC for review and re-processing under the original provisions of the [Customs Act](#). For the conditions to appeal decisions made by the CRC, please refer to Appendix B.

Casual Refund Electronic Data Interchange Transaction System (CREDITS)

34. The Casual Refund Electronic Data Interchange Transaction System (CREDITS) is an electronic process allowing customs brokers to represent a foreign sales company and electronically submit refund claims on behalf of the importer. CREDITS is used for high volume refund applications for which customs brokers have originally accounted for the payment of duties and taxes on a Form [B3-3, Canada Customs Coding Form](#), and which the goods were subsequently destroyed, or returned to the foreign sales company. CREDITS allow authorized customs brokers to electronically transmit certain key information to the CBSA. A CRC will issue a refund for the importer in care of the customs broker. The refund will be deposited directly into the customs broker's bank account and the importer will receive their refund of duties and taxes directly from the foreign sales company.

35. To participate in CREDITS the licensed customs broker must complete an *Agreement to Electronically Process Casual Refund Claim* application, Form [E613](#), and submit it for authorization by the CBSA. The licensed customs broker must have full power of attorney from the importer allowing them to act as the importer's agent, to account for the duty and taxes to the CBSA, to export the goods, to file the [B2G](#) refund claim for the returned goods, and to receive the refund.
36. The Power of Attorney must be available on the foreign sales company website in the ordering/shipping instructions and must clearly explain to the importer that they are authorizing the customs broker to act on their behalf in all aspects of the import, accounting, export and refund process.
37. A foreign sales company can be represented by more than one CREDITS approved customs broker. The foreign sales company must have a separate Power of Attorney for each approved customs broker. The functions in the Power of Attorney cannot be interchangeable from one customs broker to another.
38. CREDITS requirements for the approved customs broker are detailed in the CREDITS Participant's Requirement Document (PRD). A copy of the CREDITS PRD, is available upon request by e-mailing Assessment-Cotisation@cbsa-asfc.gc.ca.
39. CREDITS allow the transmission of minimal data on the basis that original import and export records are maintained by the broker. The CBSA will conduct verification checks on the broker by asking for the original import and export documentation to be presented within an acceptable period of time following the request. An audit may be performed by the CBSA on the applicant's books.
40. Brokers wishing to participate in the CREDITS program must complete and submit a Form [E613, Agreement to Electronically Process Casual Refund Claims](#). Form E613 should be mailed to:
- Canada Border Services Agency
Trade and Anti-dumping Programs Directorate
Assessment and Licensing Unit
150 Isabella Street, 8th floor
Ottawa ON K1A 0L8
41. Upon receipt, the CBSA will review the application for completeness and conduct a workload analysis. Once the application is approved, the CBSA will make arrangements with the applicant for system testing. After the testing is complete the CBSA will issue a letter of approval authorizing the applicant to begin filing the CREDITS casual refund claims. Claims for goods destroyed or returned may then be filed electronically from the date that CBSA authorization was given.
42. By participating in CREDITS the customs broker agrees to the terms outlined in the Participants Requirement Document and listed in section 2 of the *Agreement to Electronically Process Casual Refund Claims* form. The CBSA reserves the right to terminate this agreement if the conditions of the agreement are not met.

Additional Information

43. 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**.

Appendix A

Casual Refund Center Refund Guidelines

Type of Refund	Legislation	Conditions	Requirements
Damaged, Deteriorated Goods	<i>Customs Act</i> 74(1)(a)	<ul style="list-style-type: none"> goods remain in Canada; value is reduced by appraisal or credit; adjustment request must be presented within 4 years. 	<ul style="list-style-type: none"> a damage report or customs report on damaged goods; a credit note or copy from the foreign sales company of any document relating to a refund or credit given by the foreign sales company (i.e., Visa, MC); proof of loss in value of the goods as a result of the damage, deterioration, or destruction of the goods; as a result of damage, a written statement by a carrier or an operator of a warehouse to certify that the goods suffered damage, deterioration, or destruction prior to release by the CBSA.
Shortage of Goods (Duty Paid on Full Quantity)	<i>Customs Act</i> 74(1)(b)	<ul style="list-style-type: none"> goods do not arrive in Canada; quantity released is less than quantity on which duties and taxes were paid; adjustment request must be presented within 4 years. 	<ul style="list-style-type: none"> a credit note from the foreign sales company for goods which were not subsequently shipped; a written statement from the carrier or operator of a warehouse verifying the deficiency in quantity of the goods; any supporting documents containing sufficient details to clearly determine the value for duty of the short goods.
Inferior Quality	<i>Customs Act</i> 74(1)(c)	<ul style="list-style-type: none"> goods remain in Canada; goods are inferior in quality than those ordered; adjustment request must be presented within 4 years. 	<ul style="list-style-type: none"> a written statement from the foreign sales company which clearly indicates the amount of refund or credit given due to the inferiority of the product.
North American Free Trade Agreement (NAFTA)	<i>Customs Act</i> 74(1)(c.1) 74(3)(b)(ii) 74(1.1) 74(4)(a) 59(1)(a)(ii)	<ul style="list-style-type: none"> no duties apply as the goods are from a NAFTA country (U.S. or Mexico) and a re-determination of tariff treatment is requested; no claim for preferential treatment has been previously made; adjustment request must be presented within 1 year. 	<ul style="list-style-type: none"> invoice or statement from the foreign sales company indicating goods are of U.S. or Mexican origin; Certificate of Origin, or other acceptable information indicating the goods are not manufactured outside the U.S., Mexico or Canada.

Type of Refund	Legislation	Conditions	Requirements
Canada-Israel Free Trade Agreement (CIFTA), Canada-Chile Free Trade Agreement (CCFTA), Canada-Costa Rica Free Trade Agreement (CCRFTA), Canada-European Free Trade Association Free Trade Agreement (CEFTA), Canada-Peru Free Trade Agreement (CPFTA), Canada-Colombia Free Trade Agreement (CCOFTA), Canada-Jordan Free Trade Agreement (CJFTA)	<i>Customs Act</i> For CIFTA, CCRFTA, CEFTA, CPFTA, CCOFTA and CJFTA: 74(1)(c.11) 74(3)(b)(i) 74(1.1) 74(4)(a) 59(1)(a)(ii) For CCFTA: 74.(1)(c.1) 74.(3)(b)(ii) and Part 4 of the <i>Refund of Duties Regulations</i>	<ul style="list-style-type: none"> no duties apply as the goods qualify for tariff treatment under the CIFTA, the CCFTA, the CCRFTA, the CEFTA, the CPFTA, the CCOFTA or the CJFTA; adjustment request must be presented within 4 years. 	<ul style="list-style-type: none"> an invoice or a statement by the foreign sales company indicating that the goods originate: in Israel (for CIFTA), in Chile (for CCFTA), in Costa Rica (for CCRFTA), in Iceland, Norway, Switzerland or Liechtenstein (for CEFTA), in Peru (for CPFTA), in Colombia (for CCOFTA), or in Jordan (for CJFTA); Certificate of Origin, or other acceptable information indicating the goods are not manufactured outside: Israel or Canada (for CIFTA), Chile or Canada (for CCFTA), Costa Rica or Canada (for CCRFTA), Iceland, Norway, Switzerland, Liechtenstein or Canada (for CEFTA), Peru or Canada (for CPFTA), Colombia or Canada (for CCOFTA), and Jordan or Canada (for CJFTA).
Clerical Error	<i>Customs Act</i> 74(1)(d)	<ul style="list-style-type: none"> calculation errors; clerical errors on accounting documents/invoices; exchange rate in error; adjustment request must be presented within 4 years. 	<ul style="list-style-type: none"> copies of accounting documents, invoices, or letter explaining reason for errors.
Duties Overpaid or Paid in Error due to Determination	<i>Customs Act</i> 74(1)(e) 74(1.1) 74(4)(b) 59(1)(a)(ii)	<ul style="list-style-type: none"> duties paid or overpaid as a result of an error in the determination under subsection 58(2) of origin (other than in (c.1) or (c.11)), tariff classification or value for duty; applies to self-declared entries (courier/B3 entries); adjustment request must be presented within 4 years. 	<ul style="list-style-type: none"> invoice/documents indicating information such as a proper description of the goods, quantity, country of origin, date of sale, and/or descriptive or illustrative literature; written evidence of value or detailed goods description such as commercial invoices, credit notes, agreement of sale, purchase order confirmation or other supporting documentation.
Overpayment of Duties/Duties Paid in Error	<i>Customs Act</i> 74(1)(g) 74(1.1) 74(4)(b) 59(1)(a)(ii)	<ul style="list-style-type: none"> duties and taxes paid in error; duty rate changes but no change in tariff classification, value, or origin; duplicate payment; adjustment request must be presented within 4 years. 	<ul style="list-style-type: none"> copies of accounting documents, invoices, or letter explaining reason for overpayment; documentation indicating the incorrect duty rate was used for calculation of duty; proof of duplicate payment by producing copies of customs accounting documents showing duties and taxes were paid twice.

Type of Refund	Legislation	Conditions	Requirements
Goods Returned to Sender/ Exported/ Destroyed	<i>Customs Act</i> 76(1)	<ul style="list-style-type: none"> goods must be exported from Canada; goods are not according to order; goods returned to sender for other reasons; Adjustment request must be presented within 4 years. 	<ul style="list-style-type: none"> a credit note or any supporting documents to indicate that credit from the foreign sales company has been given to the importer; and, a written statement by the exporter of the goods confirming that the goods have been returned; a completed Form E15, <i>Certificate of Destruction/Exportation</i>.
Tariff Classification, Value for Duty, and Origin	<i>Customs Act</i> 59(1)(a)(ii)	<ul style="list-style-type: none"> changes to tariff classification, value, or origin such as tourist exemptions, goods to follow (9804.20), settlers' effects/returning residents, wrong tariff classification assessed; Adjustment request must be presented within 1 year for postal and traveller claims as stipulated in the 1998 Ministerial Agreement. 	<ul style="list-style-type: none"> invoice/documents indicating information such as a proper description of the goods, quantity, country of origin, date of sale; and/or descriptive or illustrative literature; an original Form E24, <i>Personal Exemption CBSA Declaration</i>, used to document goods to follow; an original Form Y38, <i>Identification of Articles for Temporary Exportation</i>, used to identify Canadian goods being taken out of the country by a traveller and which will be returned; written evidence of value such as commercial invoices, credit notes, agreement of sale, purchase order confirmation.

Appendix B

Conditions to Appeal Sections 59 Decision Rendered by the Casual Refund Centres

Type of Refund	Legislation	Conditions	Requirements
Appeals on Tariff Classification, Value for Duty, and Origin	<i>Customs Act</i> 60	<ul style="list-style-type: none"> must be presented within 90 days of the Section 59 decision rendered by the CRC; appeals are to be presented to the Regional Recourse Division, Trade Program Appeals Unit as stated in the CRC decision notice. 	<ul style="list-style-type: none"> Previously submitted documents including the B2G, copy of the CRC decision as well as any further documents, and information that substantiate the request.

References	
Issuing Office	Trade and Anti-dumping Programs Directorate
Headquarters File	7965-4
Legislative References	<i>Customs Act</i> <i>Refund of Duties Regulations</i> <i>Accounting for Imported Goods and Payment of Duties Regulations</i>
Other References	D1-6-1 , D2-3-6 , D6-2-3 , D11-6-7 , D17-1-3 , D17-1-22 , D21-1-1 , series D2 Forms B2G , B3-3 , BSF715, E14, E15 , E24, E613 , Y38
Superseded Memorandum D	D6-2-6 dated February 6, 2013