



Ottawa, April 8, 2014

Memorandum D13-11-3

Value for Duty of Printed or Lithographed Matter, Financial and Other Instruments

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 methods by which the value for duty of printed or lithographed matter, financial and other instruments is determined.

Legislation

Sections 45 to 53 of the [Customs Act](#) and [Valuation for Duty Regulations](#).

Guidelines and General Information

1. For valuation purposes, printed or lithographed matter, financial and other instruments include but are not limited to printed envelopes, advertising circulars, folders, catalogues, labels, gift certificates, airline tickets, bank notes, stock or share certificates and collectors' items.
2. If goods are sold for export to Canada to a purchaser in Canada, the value for duty can be determined using the transaction value method (section 48 of the [Customs Act](#) (the Act)) provided that the price paid or payable for the goods can be determined and adjusted in accordance with subsection 48(5) of the Act, as necessary, and that the other requirements of the transaction value method are met. For more information on this method, refer to [Memorandum D13-4-1, Transaction Value Method of Valuation](#).
3. When an adjustment to the price paid or payable is necessary, it should be noted that the value of the goods and services provided directly or indirectly by the purchaser to the vendor (assists) is to be determined in accordance with section 4 of the [Valuation for Duty Regulations](#).

Example: labels are printed in a foreign country but the sketches are made outside Canada and provided by the Canadian purchaser to the vendor. The labels are then sold to the Canadian purchaser. If all of the requirements for using the transaction value method have been met, the value of the sketches must be taken into consideration when calculating the value for duty of imported labels. For more information concerning the treatment of assists, refer to [Memorandum D13-3-12, Treatment of Assists in the Determination of the Value for Duty](#).

4. However, the value for duty of certain financial instruments, such as gift certificates, airline tickets, bank notes and stock or share certificates, is limited to the value of the physical medium as well as the associated manufacturing costs. Regardless of whether all requirements for using the transaction value method have been met, the value for duty is negligible since the acquisition price represents either the value of the future service or the redemption value. In such cases, the residual method value is applicable (section 53 of [the Act](#)).

Example: a Canadian resident purchases a gift certificate worth \$200 from a foreign vendor and imports it into Canada. The certificate is a tangible substitute for a currency amount in a future transaction, and its value for duty should be based on the cost of materials and any associated costs necessary to manufacture it. If the

certificate is used later to pay for goods that are imported into Canada, the value for duty of those goods is based on their selling price. At that time, customs duties (when applicable) and taxes are assessed.

5. In the case of collectors' items, antique currency, for example, the goods are valued using the transaction value method based on the price paid or payable for them. If the transaction value method is not applicable, a value for duty based on reliable commercial information or industry publications (for example, insurance statements and numismatists' price guides) may be acceptable to the Canada Border Services Agency (CBSA).

6. The transaction value method does not apply when the goods are manufactured by exporters in their own plant for their own use with a portion being shipped to Canada free of charge. If transaction values of identical or similar goods cannot be identified (sections 49 and 50 of [the Act](#)) and if the goods are not for resale in Canada (deductive value method, section 51 of the Act), then the computed value method (section 52 of the Act) can be applied to determine the value for duty. The computed value method can be applied by taking into account the total cost of production (COP) of the goods plus an amount for profit and general expenses (PGE), which is generally reflected on sales to Canada of goods of the same class or kind (calculated as per paragraphs 52(2)(a) and (b) of the Act and section 6 of the [Valuation for Duty Regulations](#)) using the following formula:

$$\frac{(\text{COP} + \text{PGE}) \times \text{number of units appraised}}{\text{total units produced}}$$

7. The transaction value method does not apply if the goods, when purchased by the exporter, are not for export to Canada, but are shipped to Canada at a later date free of charge. If the transaction values of identical or similar goods cannot be identified (sections 49 and 50 of [the Act](#)), and if the goods are not for resale in Canada (deductive value method, section 51 of the Act), and if the exporter has no information concerning the cost of production of the goods (computed value method, section 52 of the Act), then the residual method (section 53 of the Act) can be applied to determine the value for duty, taking into account the exporter's cost of acquisition of the goods using the following formula:

$$\frac{\text{total acquisition cost} \times \text{number of units appraised}}{\text{total units purchased by exporter}}$$

8. Any additional costs, for example storage and transportation costs, that are not included in the acquisition cost must be added to the value for duty.

Additional Information

9. For more information, call contact the [CBSA Border Information Service](#) (BIS):

Calls within Canada & the United States (toll free): **1-800-461-9999**

Calls outside Canada & the United States (long distance charges apply):

1-204-983-3550 or 1-506-636-5064

TTY: **1-866-335-3237**

[Contact Us online](#) (webform)

[Contact Us](#) at the CBSA website

References	
Issuing Office	Trade and Anti-dumping Programs Directorate
Headquarters File	79070-4-9
Legislative References	Customs Act Valuation for Duty Regulations
Other References	D13-3-12 , D13-4-1
Superseded Memorandum D	D13-11-3 dated April 18, 2008

