



Ottawa, November 5, 2014

# Memorandum D8-11-3

## Application of the *Shirting Fabrics Remission Order, 1998*

### In Brief

1. The editing revisions made in this memorandum do not affect or change any of the existing policies or procedures.
2. This memorandum has been revised to reflect changes to the Canada Border Services Agency's organizational structure.

This memorandum outlines and explains the provisions of the *Shirting Fabrics Remission Order, 1998* (the Order)

This program will be of interest to tailored collar shirt manufacturers who are named in Schedule A to the Order, **and** to producers of finished shirting fabrics who are named in Schedule B to the Order (see Appendix).

### Legislation

[Customs Act](#)

[Customs Tariff](#)

[Shirting Fabrics Remission Order, 1998](#)

P.C.: 1997-2055, as amended by P.C. 2001-1497, P.C. 2004-1606 and P.C. 2008-1599

## Guidelines and General Information

### Definitions

1. The following definitions apply for the purpose of administering this Order:

broadwoven fabric – means woven fabric of a width exceeding 30 cm. (tissus larges)

company – means a tailored collar shirt manufacturer whose name appears in Schedule A to the Order or a producer of finished shirting fabrics whose name appears in Schedule B to the Order. (compagnie)

finished – means that a fabric has undergone all processes required to convert it from a greige fabric into a fabric sold to a shirt manufacturer. (fini)

greige – means fabric that:

- has come directly from the loom;
- has not undergone any process required to convert it into a finished fabric; and
- though unfinished, may be woven from coloured or dyed yarns. (écru)

Minister – means the Minister of Public Safety. (ministre)

shirting fabric – means:

- a broadwoven textile fabric;
- used in the manufacture of tailored collar shirts; **but**
- excludes fabric used for interlining or interfacing. (tissu pour chemise)

tailored collar shirt – means:

- a man's or boy's fabric shirt of heading 62.05 of Schedule I to the [Customs Tariff](#), (for the purpose of clarification this should be understood to mean a shirt of size 2 and up);
- with a collar that consists of one or more pieces of material that are cut and sewn or fused;
- the collar is designed with two pointed or round ends; and
- the shirt may include decorations of other than woven material, including collars and cuffs, as long as they only form a minor component of the shirt and as long as the body of the shirt, including the sleeves, is manufactured from woven fabrics. (chemise à col façonné)

warp direction – means, in a fabric, the yarns that run lengthwise parallel to the selvage. (sens de la chaîne)

weft direction – means, in a fabric, the yarns that run from selvage to selvage at right angles to the warp yarn. (sens de la trame)

yarn-dyed – means, in respect of a fabric, a fabric:

- in which the yarns have been dyed before weaving;
- that is woven from at least one yarn that is dyed in a colour, other than the colour of the base;
- in which the dyed yarn is distributed in a predetermined and repetitive pattern in the warp direction;
- whether or not any dyed yarns have been distributed in the weft direction. (à fils teints)

## Who Qualifies

2. Eligibility to the program is restricted to tailored collar shirt manufacturers who are named in Schedule A to the Order and to producers of finished shirting fabrics who are named in Schedule B to the Order.

## Eligible Goods

3. During the period beginning January 1, 1998 and ending December 31, 2012, **yarn-dyed shirting fabrics** imported by a manufacturer of tailored collar shirts for use in the manufacture of tailored collar shirts, are designated eligible goods for which remission entitlement can be claimed under the Order. Similarly, during the period beginning January 1, 1998 and ending December 31, 2012, greige shirting fabrics and finished shirting fabrics, imported by a producer of finished shirting fabrics for use in the manufacture of tailored collar shirts, are designated eligible goods for which remission entitlement can be claimed under the Order.

## Amount of Remission (Prior to September 4, 2008)

4. (a) For the period beginning January 1, 1998 and ending on December 31, 2006 the annual remission entitlement granted under this Order may not exceed the **total amount** of duties that were remitted to the tailored collar shirt manufacturer as set out in Schedule A or to the producer of shirting fabrics as set out in Schedule B, under the *Shirting Fabrics Remission Order, 1988*, P.C. 1988-1243, in respect of greige or yarn-dyed shirting fabrics imported in 1995. (SOR/2005-9)

(b) For the period beginning January 1, 2007 and ending on December 31, 2007 the annual remission entitlement granted to a tailored collar shirt manufacturer set out in Schedule A in respect of yarn-dyed shirting fabrics imported into Canada by the manufacturer and to a producer of finished shirting fabrics set out in Schedule B in respect of greige shirting fabrics imported into Canada by the producer may not exceed **75% of the total amount** of customs duties that were remitted to the manufacturer or producer under the *Shirting Fabrics Remission Order, 1988*, P.C. 1988-1243, in respect of yarn-dyed or greige shirting fabrics imported in 1995. (SOR/2005-9)

(c) For the period beginning January 1, 2008 and ending on December 31, 2008 the annual remission entitlement granted to a tailored collar shirt manufacturer set out in Schedule A in respect of yarn-dyed shirting fabrics imported into Canada by the manufacturer and to a producer of finished shirting fabrics set out in

Schedule B in respect of greige shirting fabrics imported into Canada by the producer may not exceed **50% of the total amount** of customs duties that were remitted to the manufacturer or producer under the *Shirting Fabrics Remission Order, 1988*, P.C. 1988-1243, in respect of yarn-dyed or greige shirting fabrics imported in 1995. (SOR/2005-9)

#### Amount of Remission (as of September 4, 2008)

(d) For the period beginning January 1, 2008 and ending on December 31, 2008 the annual remission entitlement granted to a tailored collar shirt manufacturer set out in Schedule A in respect of yarn-dyed shirting fabrics imported into Canada by the manufacturer and to a producer of finished shirting fabrics set out in Schedule B in respect of greige shirting fabrics imported into Canada by the producer may not exceed **a further remission of 25% of the total amount** of customs duties that were remitted to the manufacturer or producer under the *Shirting Fabrics Remission Order, 1988*, P.C. 1988-1243, in respect of yarn-dyed or greige shirting fabrics imported in 1995. (SOR/2008-256)

(e) For the period beginning January 1, 2009 and ending on December 31, 2009 the annual remission entitlement granted to a tailored collar shirt manufacturer set out in Schedule A in respect of yarn-dyed shirting fabrics imported into Canada by the manufacturer and to a producer of finished shirting fabrics set out in Schedule B in respect of greige shirting fabrics imported into Canada by the producer may not exceed **75% of the total amount** of customs duties that were remitted to the manufacturer or producer under the *Shirting Fabrics Remission Order, 1988*, P.C. 1988-1243, in respect of yarn-dyed or greige shirting fabrics imported in 1995. (SOR/2008-256)

(f) For the period beginning January 1, 2010 and ending on December 31, 2012 the annual remission entitlement granted to a tailored collar shirt manufacturer set out in Schedule A in respect of yarn-dyed shirting fabrics imported into Canada by the manufacturer and to a producer of finished shirting fabrics set out in Schedule B in respect of greige shirting fabrics imported into Canada by the producer may not exceed **50% of the total amount** of customs duties that were remitted to the manufacturer or producer under the *Shirting Fabrics Remission Order, 1988*, P.C. 1988-1243, in respect of yarn-dyed or greige shirting fabrics imported in 1995. (SOR/2008-256)

#### Summary

Year	Remission Entitlement based on 1995 Imports	Order-in-Council
1998 to 2006	100% of the total duty amount	P.C. 1997-2055
		<b>Amending Order-in-Council</b>
2007	75% of the total duty amount	P.C. 2004-1606
2008	50% of the total duty amount	P.C. 2004-1606
September 2008	A further 25% of the total duty amount	P.C. 2008-1599
2009	75% of the total duty amount	P.C. 2008-1599
2010 to 2012	50% of the total duty amount	P.C. 2008-1599

#### How to Apply for Remission

5. The company may choose to access this program by claiming remission at the time of importation or by submitting a claim for remission by way of drawback subsequent to the importation and payment of duties on qualifying yarn-dyed shirting fabrics or greige and/or finished shirting fabrics.

6. All claims for remission must be submitted to the appropriate regional CBSA office, or as otherwise directed, within five years following the day the yarn-dyed shirting fabrics or greige and/or finished shirting fabrics were imported into Canada. For the purpose of identifying the date on the customs accounting documents, this shall be the date the goods were released from customs.

#### Claiming Remission at Time of Importation

7. If a company intends to have duties remitted at time of importation, the company must submit, prior to or during each calendar year, to the appropriate regional CBSA office where the company's operations are located, or as otherwise directed, an application by letter of intent, confirming that the company:
- (a) is listed in Schedule A or B to this Order and has a 1995 duty remission entitlement of (insert amount);
  - (b) will not exceed the amount of duties that may be claimed for remission on imported yarn-dyed shirting fabrics or greige or finished shirting fabrics;
  - (c) will maintain records that are satisfactory to the CBSA;
  - (d) will meet all the conditions of this Order;
  - (e) will provide the CBSA with any other information which may be required to substantiate its claim for remission; and
  - (f) has, if applicable, included the names and addresses of any persons or companies that might be performing cutting or sewing operations on its behalf.
8. Upon receipt of the application, an officer will review the information submitted to confirm that:
- (a) the company is listed in Schedule A or B to the Order;
  - (b) the maximum amount of duties to be remitted is accurate; and
  - (c) the company continues to be a manufacturer of tailored collar shirts or a producer of finished shirting fabrics.
9. If no revisions to the application are required, the CBSA will approve the application and notify the company in writing of such approval and any related obligations. The CBSA will provide the applicant with an authorization number that is to be indicated on all customs accounting documents that are presented, in order to claim remission under this Order. The authorization number identifies for the CBSA, the company's eligibility to the [Shirting Fabrics Remission Order, 1998](#). Provided that the company is in compliance with all the conditions of this Order and with all other related legislation and regulations, it will not be required to pay any duties on qualifying yarn-dyed shirting fabrics or greige and/or finished shirting fabrics that are imported, up to the maximum entitlement for the applicable year.
10. Where an application is submitted and authorized subsequent to the beginning of the calendar year, the authorization number will be made retroactive to January 1<sup>st</sup> of the applicable calendar year thus allowing for a drawback claim to be filed for any imports of qualifying yarn-dyed shirting fabrics or greige and/or finished shirting fabrics prior to the receipt of an authorization number.
11. Additional information on the completion of Customs accounting documents may be found in [Memorandum D17-1-10, Coding of Customs Accounting Documents](#).
12. There may be occasions when the manufacturer or producer is not the owner or purchaser of goods imported into Canada but agrees to import those goods under its remission authorization. For the purpose of administering the remission order, such an arrangement is referred to herein as a "partnering agreement". In such cases, the manufacturer's (or producer's, as applicable) name, number and address must be indicated in field 1 of the [Canada Customs Coding Form \(B3-3\)](#) as well as on any related supporting documentation provided to the CBSA. All supporting documentation must also clearly indicate the name and address of the actual owner, purchaser and/or consignee. As the importer of record, the manufacturer or producer must satisfy the record keeping requirements detailed below and is fully responsible for all such goods imported under its remission authorization and for any liabilities to the Crown resulting therefrom.
13. Additional information concerning partnering agreements may be found in [Memorandum D8-11-7, CBSA Policy on the Transfer of Entitlement Pursuant to the Textile and Apparel Remission Orders](#).
14. The CBSA will inform the company that officers of the CBSA may, at any time, exercise the powers granted to them under section 42 of the [Customs Act](#) and perform a compliance verification:
- (a) to ensure that during the calendar year, all the conditions of the Order were observed;

- (b) to ensure that the remission entitlement was not exceeded;
- (c) to ensure that only eligible goods were claimed;
- (d) to ensure that any duties remitted where the conditions of the Order were not met will be reassessed under the provision of section 118(1) of the [Customs Tariff](#). Any applicable interest and penalty may also be assessed pursuant to section 123(2) of the [Customs Tariff](#) and section 109.1(2), of the [Customs Act](#), respectively; and
- (e) to verify the company's application to use the provisions of the Order during the forthcoming calendar year.

### Claiming Remission by Way of Drawback

15. If a tailored collar shirt manufacturer or a producer of finished shirting fabrics has paid duties on yarn-dyed shirting fabrics or greige shirting fabrics and/or finished shirting fabrics, respectively, that it has imported during a calendar year prior to the determination of eligibility under this Order, the company may, subject to paragraph 5, claim a remission of duties by way of drawback.

16. With the exception of not having to submit a letter of intent at the beginning of the calendar year to obtain an authorization number, a tailored collar shirt manufacturer or a producer of finished shirting fabrics claiming remission by way of drawback must meet the same requirements as a manufacturer or producer claiming remission at time of importation.

17. A tailored collar shirt manufacturer or a producer of finished shirting fabrics using the drawback procedure must pay customs duties on imported yarn-dyed shirting fabrics or greige and/or finished shirting fabrics, respectively, at time of accounting.

18. The company may subsequently file a claim for remission of duties on Form [K32, Drawback Claim](#). This form and all substantiating documentation are to be submitted to the appropriate [regional CBSA office](#).

19. Assistance with completion of the [K32](#) is available from any [regional CBSA office](#).

### Record Keeping Requirements

20. If a company intends to claim remission at the time of importation or by way of drawback, section 40 of the [Customs Act](#) requires that the company maintain and make available records that are satisfactory to the CBSA. These records must be maintained in a manner that facilitates verification by the CBSA and be of a quality sufficient to substantiate a claim for remission.

21. [Memorandum D17-1-21, Maintenance of Records in Canada by Importers](#) contains information on record-keeping. The appropriate regional CBSA office can provide additional information and advice on how a company's record-keeping systems may be modified, if necessary, to meet the above objectives.

22. The tailored collar shirt manufacturer must maintain records of

- (a) production;
- (b) purchases; and
- (c) importations.

### Production Records – Tailored Collar Shirt Manufacturer

23. These records must allow the CBSA to readily identify the:

- (a) manufacturing plant where the tailored collar shirts are produced;
- (b) date of production;
- (c) production sheets that indicate the fabric and quantity used to manufacture the tailored collar shirt; and
- (d) quantity, size, and style of the shirts that are manufactured.

**Note:** These records may include, but are not limited to, sketches, design sheets, trim sheets, cutting records, cost sheets, and samples.

### **Purchase Records – Tailored Collar Shirt Manufacturer**

24. The invoices for all yarn-dyed shirting fabrics purchased for use in the manufacture of tailored collar shirts must include information which allows CBSA to identify the:

- (a) vendor's name and address;
- (b) volume, type and style of fabric purchased;
- (c) date of purchase; and
- (d) proof of payment.

### **Importation Records – Tailored Collar Shirt Manufacturer**

25. The shirt manufacturer must maintain the Customs records of the yarn-dyed shirting fabrics that it has imported under the provisions of this Order:

- (a) these records must include copies of the purchase orders, bills of lading, commercial invoices and Customs accounting documents for the imported fabric;
- (b) invoices must clearly indicate the style and type of yarn-dyed shirting fabric imported; and
- (c) the samples, where required, of fabric attached to the accounting documents must be in accordance with departmental [Memoranda D10-17-15, Information Requirements for Textiles and Textile Products](#).

26. Similarly, the producer of finished shirting fabrics must maintain records of:

- (a) purchases;
- (b) production;
- (c) sales; and
- (d) importations.

### **Purchase records – Producer of Finished Shirting Fabrics**

27. These records must allow the CBSA to readily identify, for purchases of all greige and finished shirting fabric:

- (a) vendor's name and address;
- (b) volume, type and style of shirting fabric purchased;
- (c) the date of purchase; and
- (d) proof of payment.

### **Production records – Producer of Finished Shirting Fabrics**

28. These records must allow the CBSA to readily identify the:

- (a) manufacturing plant where the shirting fabric is finished;
- (b) date of finishing; and
- (c) volume and type or style of shirting fabric finished.

**Note:** These records may include, but are not limited to, sketches, design sheets, trim sheets, cutting records, cost sheets and samples.

### **Sales Records – Producer of Finished Shirting Fabrics**

29. These records must allow the CBSA to readily identify the:

- (a) name and address of the purchaser of the fabric;
- (b) date of sale;
- (c) volume and type or style of shirting fabric sold; and



(d) origin of the shirting fabric sold.

### **Importation Records – Producer of Finished Shirting Fabrics**

30. The producer of finished shirting fabrics must maintain the customs records of the greige shirting fabrics and finished shirting fabrics that it has imported under the provisions of this Order:

- (a) these records must include copies of the purchase orders, bills of lading, commercial invoices and customs accounting documents for the imported fabric;
- (b) the invoices must clearly indicate the volume, style and type of fabric imported; and
- (c) the samples of fabric, where required, attached to the accounting documents must be in accordance with departmental [Memoranda D10-17-15, Information Requirements for Textiles and Textile Products](#).

### **Additional Information**

31. If a condition to which the remission is subject is not complied with, the company must report the failure to comply to an officer at a CBSA office and pay pursuant to subsection 118(1) of the [Customs Tariff](#), an amount equal to the amount of the duties in respect of which the remission was granted, within 90 days after the day of the failure to comply, unless that it can prove that:

- (a) at the time of the failure to comply with the condition, a refund or drawback would otherwise have been granted if duties had been paid; or
- (b) the goods in respect of which the relief or remission was granted qualify in some other manner for relief or remission under the [Customs Tariff](#) or the [Financial Administration Act](#).

32. A company that does not comply and that is liable to pay an amount must, pursuant to subsection 123(2) of the [Customs Tariff](#), pay, in addition to the amount, interest at the specified rate for the period beginning on the day that the liability is incurred and ending on the day the amount is paid in full, calculated on the amount of the balance outstanding.

33. A company that fails to report to the appropriate CBSA office a failure to comply with a condition under which remission is granted, within 90 days or such other period as may be prescribed, may be subject to a penalty pursuant to subsection 109.1(2) for the [Customs Act](#), not to exceed \$25,000.

34. A company that fails to pay the amount of duties in respect of which relief or remission was granted, within 90 days or such period as may have been prescribed, unless the provisions of subsection 118(1)(b)(i) or (ii) were met, may be subject to a penalty. Please refer to [Memorandum D22-1-1, Administrative Monetary Penalty System](#), for information regarding the AMPs program.

35. A company may enter yarn-dyed shirting fabrics or greige and/or finished shirting fabrics into a customs bonded warehouse on a type 10, [B3-3, Canada Customs Coding Form](#). The authorization number issued, if applicable, is not to be shown in Field 26 until such time as the fabrics are removed from the customs bonded warehouse and enter the domestic economy. When a company removes yarn-dyed shirting fabrics or greige and/or finished shirting fabrics from a bonded warehouse during the period beginning July 1, 1997 and ending December 31, 2012, the company may use its remission entitlement (as in effect at the time the fabrics are removed) to have the duties remitted on these fabrics in the year the fabrics are removed from the bonded warehouse.

36. Companies undergoing a change of operations for any reason including, for example, a change of ownership or name, amalgamation or merger, sale, dissolution, receivership or bankruptcy are required to advise their appropriate regional CBSA office as well as Trade Compliance Division, Trade Incentives Unit, 222 Queen Street, 9th Floor, Ottawa, Ontario, K1A 0L8. The company or its representatives are to provide complete disclosure by way of a letter and, if required, supporting documentation, outlining the circumstances surrounding the change. Where a company enters receivership, bankruptcy or dissolution, provisions of the [Bankruptcy and Insolvency Act](#) will apply. The Trustee responsible must be clearly identified in these cases.

37. Each case will be reviewed and evaluated on the basis of its own merits and particular circumstances in order to determine its eligibility under the Order.

38. 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

### Schedule A – (Section 2)

Behar Cline Mfg. Ltd.  
 B.V.D. Shirts Inc.  
 Chemise Empire Ltée  
 Hathaway Canada Ltd.  
 I. Miller Shirts Inc.  
 J.M.L. Shirts Ltd.  
 John Forsyth Shirt Company Ltd., The  
 J.P. Hammill & Son Limited  
 Marv Holland Industries Ltd.  
 Mr. Jeff Inc.  
 MWG Apparel Corporation  
 Polo Ralph Lauren – Div. Modes Alto-Regal  
 R. Nicholls Distributors Inc.  
 T. Lipson & Sons Ltd.

History: Schedule A replaced by SOR/2001-315, s. 4, effective August 28, 2001

### Schedule B – (Sections 3 and 4)

Doubletex Inc.

<b>References</b>	
<b>Issuing Office</b>	Trade and Anti-dumping Programs Directorate
<b>Headquarters File</b>	6587-4
<b>Legislative References</b>	<a href="#"><i>Customs Act</i></a> <a href="#"><i>Financial Administration Act</i></a> <a href="#"><i>Bankruptcy and Insolvency Act</i></a> <a href="#"><i>Shirting Fabrics Remission Order, 1998</i></a> <a href="#"><i>Customs Tariff</i></a>
<b>Other References</b>	<a href="#">D8-11-7</a> , <a href="#">D10-17-15</a> , <a href="#">D17-1-10</a> , <a href="#">D17-1-21</a> , <a href="#">D22-1-1</a> Forms <a href="#">B3-3</a> , <a href="#">K32</a>
<b>Superseded Memorandum D</b>	D8-11-3 dated November 30, 2012