

## Your Role in International Trade Compliance

The key objective for all importations is to have goods delivered where they should be and when they should be at the best possible value, in accordance with all applicable legislation. An efficient and compliant import process starts with everyone involved understanding their role and responsibilities. The importer is held responsible for all actions on their behalf by their trade chain partners.

Thompson Ahern/TAHOCO takes seriously its role within your Customs compliance framework. We make every effort to ensure that your company's Customs declarations are compliant, so far as we are able.

However, many types of information relevant to compliance are not available to us solely from documents supplied with importations. Issues arising from overages/underages, related-party vendors, end-uses, supplier errors, etc., can only be identified and obtained from within your organization. Furthermore, your in-house preparedness for any Customs Audit requires the attention of an in-house person. In Canada, it is estimated that the CBSA carries out more than 2,000 Compliance Verifications annually.

A Compliance Verification, or Customs Audit, examines your overall compliance focus, internal controls, and error detection systems. Any errors in tariff classification, valuation or tariff treatment must be corrected within 90 days of having "reason to believe" customs accounting declarations were in error. Lack of compliance can lead to AMPS penalties, additional duty payment, interest charges, and additional scrutiny at the border, causing delays.

Therefore, your company should have formal policies and a Standard Operating Procedures Manual or other written directives related to the handling of Customs activities.

Importers' staff responsible for compliance should have access to: the Customs Act and Regulations, the Customs Tariff Act, D-Memoranda, Customs Notices, CITT decisions



**Being compliant not only helps to reduce your risk of costly penalties, it can give your company a competitive edge and better position you to take advantage of new trade opportunities.**

and the CBSA internet website, and corresponding American resources for U.S. imports.

Your company should have internal systems in place to link Customs and accounting information to ensure that any data supplied in Customs declarations is correct and can be readily verified.

Most prudent traders determine in the planning phase the customs implications of new products, materials, trading relationships and so on. As such, you should provide us with advance information regarding all new commodities and for any new vendors. Working together, we can ensure the correct classification, valuation, tariff treatment, etc., is applied to your imported goods.

Aside from concerns about your goods at the time they clear the border, proper recordkeeping is also an important facet of customs compliance. Customs regulations stipulate that importers retain a comprehensive document trail relating to the purchase, importation, costs, payment for the goods and of the sale or disposal of the goods for current year plus 6 years in Canada (plus 5 years in the U.S.), after the importation of the goods.

In view of the recordkeeping requirements pertaining to imported goods you must retain all purchase orders, sales orders, receipts, and invoices related to these transactions. In addition to such records, you should document your 'Customs information system' and create and keep any compliance audit/monitoring documents.

If applicable, retain evidence that products meet the requirements of any end-use tariff item, reduced duty tariff provision or special authority employed. Ensure there is a system in place to record, and report to Customs, end-use diversions within the time limits prescribed by legislation.



**Compliance planning** is essential to maintaining a reliable supply chain.

## Some Compliance Questions

Have you reviewed vendors' NAFTA Exporter's Certificate of Origin, and questioned vendors where necessary, to confirm its validity? If not, you should engage professional assistance to do so – we offer a NAFTA ECO procurement service, for example. Vendors should also have adequate records available to substantiate NAFTA origin.

Have you ensured that your merchandise complies with other government agencies' requirements and obtained the necessary licenses, permits, if required, from them?

Have you determined that your merchandise is properly marked with the correct country of origin (if required) or in accordance with any special marking requirements?

Has the value of any "assist" provided to the producer of the imported goods been accurately reflected in the value for duty we declared on your behalf? Does the price paid match the price used in calculating a transaction value "value for duty" declared.

Be assured that Customs will surely ask these kind of questions in the event of a Customs Audit.

## Conclusion

Proactive traders can significantly reduce penalty exposure. Conduct a detailed assessment of your company's level of compliance capability. Consider a detailed compliance review, and seek guidance from a competent third party if required. Such a review's findings would serve as a platform to develop and build a Compliance Plan.

Ensuring your company is Customs compliant requires a multipronged strategy. You will need senior management's commitment, formal policies, internal controls, compliance requirements for suppliers, and possibly training programs.

Putting off dealing with compliance issues can result in supply-chain disruptions and delays, increased costs of doing international business, potential fines, and an increased probability of Customs audits.

We care about your compliance peace of mind and offer many resources to help you stay informed. For example, read our E-NEWS letters, and attend our webinars and seminars designed to help you better understand complex compliance issues and implement effective solutions.

## Find out more online

Customs Compliance 101: Understanding Your Responsibilities & Obligations

<http://www.taco.ca/compliance101.html>

Tariff Classification: Why It Matters and Why You Should Care

<http://www.taco.ca/tariffmatters.html>



6299 Airport Road, Suite 506  
Mississauga, Ontario L4V 1N3

**Call us at** 905-677-3471

**Visit** [www.taco.ca](http://www.taco.ca)

TAHOCO Logistics Inc. (USA)  
400 Riverwalk Parkway, Suite #200A  
Tonawanda, New York 14150

**Call us at** 716-874-6286

**Visit** [www.tahocologistics.com](http://www.tahocologistics.com)