



Ottawa, April 16, 2013

MEMORANDUM D17-3-1

In Brief

THE NEW AUTOMOTIVE SYSTEM – HIGHWAY MODE

This memorandum replaces the Memorandum D17-3-1 dated February 27, 1996. It has been revised to denote the following changes:

- (a) Agency, Division and Branch names were revised to the current appellations.
- (b) Paragraph 14 was deleted as it was no longer applicable.
- (c) Paragraph 19 and 20 were updated to reflect the increase to the Low Value Shipment (LVS) threshold for shipments imported into Canada which increased to an estimated value for duty not exceeding CAD\$2,500.
- (d) Paragraphs 40-42 were updated to current administrative penalty information.
- (e) Paragraph 43 was added to provide CBSA's Web site and the Border Information Service (BIS) contact information.





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This memorandum outlines and explains the terms and conditions for the release and accounting of automotive production and service goods arriving by highway.

GUIDELINES AND GENERAL INFORMATION

Definitions

1. In this memorandum:

“automotive production goods” means original equipment imported under a code listed in column I and described in column II of item 4 of schedule I to the *Motor Vehicle Tariff Order 1988*. The codes are shown in the *Customs Tariff*;

“automotive service goods” means aftermarket automotive parts, and accessories and parts thereof, imported for use in the maintenance and repair of automobiles, buses, and specified commercial vehicles;

“The Canada Border Services Agency (CBSA) control office” means a Canada Border Services Agency (CBSA) office identified to look after import transactions of a particular automotive company. As such, Oakville is the CBSA control office for Ford, Oshawa is the control office for General Motors, and Windsor is the control office for Chrysler.

2. The automotive release and accounting procedures described in this memorandum are based on the Advanced Shipping Notification (ASN) system. The ASN system is part of the New Business Relationship Initiative which the Agency has launched to adapt CBSA requirements more closely to the needs of Canadian industry.

3. The ASN system is designed to improve the reporting and release processes for production and service goods imported by automotive manufacturers. Its chief feature is the linking of manufacturers’ internal shipping notification information with carrier shipment reporting. The system was implemented in conjunction with alternative procedures for revenue accounting and compliance verification.

4. The ASN system creates a release inventory of automotive production and service goods arriving by highway and imported by General Motors of Canada Limited, Ford Motor Company of Canada Limited, and Chrysler Canada Limited.

5. Goods used in the production or service of an automobile qualify for release and accounting under these procedures (complete vehicles excluded). Production and service goods imported by General Motors, Ford and Chrysler obtain line release at the Primary inspection Line (PIL) on the strength of a transportation document only. For highway shipments, a Form A49, *Automotive Report and Release Document*, is used. For shipments arriving by other modes of transport (rail, marine, and air), only the prescribed cargo document is used to obtain line release at PIL. Shipments of goods commonly referred to as “miscellaneous goods” which are not for direct use in the production or the service of automobiles, are not part of this system and do not qualify for line release at PIL (e.g. stationery, tooling equipment, prototype or pilot parts, blue prints, computers).

Documentation Requirements

6. Automotive production and service goods imported by highway mode for General Motors, Ford, and Chrysler must be documented on a properly completed Form A49. This document replaces the existing cargo control document for highway shipments and is used to report and obtain release of imported production and service goods as well as to create the release inventory.

7. Form A49 will quote a unique release number for each shipment reported to CBSA. This unique release number will be used by CBSA and the automotive companies for control purposes. Shipments destined for General Motors will be identified on Form A49 by quoting the shipping date and a shipment identification number as a unique release number. Shipments for Chrysler and Ford will be identified by a combination of a trailer number/packing slip number as the unique number.

8. Consolidated shipments will be reported on one Form A49. A unique release number will be quoted on Form A49 for each shipment included in the consolidated load.

9. Copies of Form A49 are available on line. Requirements for the completion of Form A49 can be found in the Appendix A.

10. Suppliers and carriers may privately print the Form A49. Privately printed documents must adhere to the format and specifications provided in the Appendix A. If deviations from the established layout are planned, carriers should obtain approval prior to printing by writing to:

Import Programs Management
 Commercial Border Programs Division
 Programs Branch
 Canada Border Services Agency
 150 Isabella Street
 Ottawa ON K1A 0L8

11. The Agency approval is not required for the private printing of the Form A49. However, a document that does not conform to the Agency requirements will be rejected. In such instances, the carrier will have to reprint the document so that it meets the CBSA requirements.

12. If desired, bar-coded release numbers will be used. Bar-coded release numbers must be approved by CBSA prior to printing of the release numbers or labels.

Other Government Department Requirements

13. Automotive manufacturers are responsible for ensuring that their production and service shipments meet all requirements of other government departments (OGDs). This means that all permits, licences, and certificates necessary to satisfy the requirements of OGDs are to be presented at time of release, unless special arrangements have been made with CBSA and the other department concerned. Otherwise, the shipments will be held until such time as these requirements are met. In addition, the automotive manufacturers must take steps to respect trade embargoes for all goods imported under the ASN system. In those cases where goods subject to controls or prohibitions are released in error, the participating companies will secure the goods and advise the Department promptly so that measures can be taken to correct the situation, e.g., submission of required permits or re-export of goods.

Report and Release Procedures

14. At the first point of arrival in Canada, the carrier must report all highway automotive production and service goods on a Form A49. The carrier will present one copy of the Form A49 to the CBSA.

15. The Border Services Officer (BSO) will review the Form A49 to ensure it is properly completed and that a unique release number has been assigned to each shipment. When the BSO is satisfied that all the conditions for release have been met, the shipment will be released. The CBSA will retain the Form A49 for transmission to the data room for input into the ASN system.

16. The Form A49 must accompany the carrier for shipments referred to secondary. Upon completion of the examination, the BSO will retain the documents for transmission to the data room for input to the ASN system.

17. Should a Form A49 not be presented or should it be either missing information or illegible, the carrier will be referred to secondary to complete a form or to correct existing data, whichever is appropriate. Referral to secondary may delay the release of the shipment.

Goods not Qualifying as Production or Service

18. If the goods have been released and it is determined that the Form A49 showed a shipment not qualifying for production or service goods, the automotive manufacturer will return the Form A49 with a cargo control number, a transaction number, and the applicable Report and Release Identifier Number (RRID) to the CBSA control office. The CBSA control office will key the information provided into the Release Support System (RSS) of the Customs Commercial System (CCS) using an updated release date to create a release record.

Production or Service Goods Reported on a Low-value Shipment (LVS) List

19. Production or service goods valued under \$2,500 reported on a LVS list will be processed in the same manner as other LVS goods.

20. When highway production or service goods are reported on a LVS list as having a value of \$2,500 or greater, CBSA will notify the courier and have the courier submit a Form A49 for each shipment.

21. Upon presentation of a Form A49, the CBSA will acquit the production and service goods reported on the LVS list by the unique number quoted on the Form A49 and will input the shipment data into the ASN system to create a report and release record.

Production or Service Goods Reported as Regular Automotive Goods

22. Where production or service goods are reported as regular automotive goods and CBSA has allowed these goods to go in bond in error, the automotive manufacturer or the carrier will prepare and submit a Form A49, along with the Long Room and Customs Delivery Authority copies of the cargo control document (CCD), to the CBSA.

23. When the CCD and the Form A49 are presented, the CBSA will acquit the release record in RSS by the unique number on the Form A49. In cases where the unique number on the Form A49 is more than 15 characters in length, the CBSA will input the first 15 characters of that number to acquit the release record.

24. The Customs Delivery Authority copy of the CCD is date-stamped and returned to the warehouse operator.

25. The Form A49 is forwarded to the designated data room for input into the ASN system.

Production and Service Goods/Direct Delivery

26. Where production or service goods are delivered directly to the automotive manufacturer without official CBSA release, the automotive manufacturer will transmit a Voluntary Entry via the Customs Automated Data Exchange System (CADEX). To identify the voluntary entry in CADEX, P- or S-type entries with an additional

description line containing the word “VOLUNTARY” will be sent to CBSA.

Accounting

27. The importer will account for all production and service shipments released within the release period (the 18th of one month to the 17th of the next month) by the last business day of the month in which the release period ends.

28. Accounting will continue to be done on a transactional basis via CADEX using existing “P” and “S” entry types. Shipments released under the ASN system will be referenced in the Cargo Control Number field by the Report and Release Identifier (RRID) number generated within ASN.

29. Invoices and cargo control documents (including Form A49 and Form A8A(B), *Customs Cargo Control Document*) for service and production goods are no longer be required at the time of accounting. However, objective information substantiating the CADEX data transmitted will be made available by the automotive manufacturer within 48 hours of a request from Statistics Canada or the Agency. Some examples of substantiating information would be pricing from supplier (from sales invoices/data transfer), confirmation of U.S. port of exit (from the carrier record), a price discount (from the purchase agreement), the shipment weight (from the sales invoice), and specific quantities of commodities imported.

Late Accounting

30. Highway production and service shipments not accounted for on time will be reported on a Monthly Overdue RRID Release Report and will be subject to penalties and interest. Shipments arriving by modes of transportation other than highway and not accounted for on time will be reported on the Monthly Production and Service Report and will also be subject to penalties and interest.

31. Procedures for cancellation of late accounting penalties are outlined in Memorandum D17-1-5, *Registration, Accounting and Payment for Commercial Goods*.

Interest

32. Interest will be self-assessed and shown on the Revenue Summary Form in all instances of late accounting causing late payment. Pursuant to Section 33.4 of the *Customs Act*, interest is payable at the specified rate on the outstanding balance, for the period from the day following the prescribed payment date, based on the release period, until the date of actual payment.

33. In cases of voluntary entries meeting certain conditions, interest will be reduced to the prescribed rate. If the conditions are not met, the specified rate is payable. The conditions are that the voluntary entries be “truly” voluntary, not the result of an audit, and that there be no

relationship between the carrier and the party responsible for accounting.

34. Interest on anti-dumping and countervailing duties is calculated in accordance with Section 11 of the *Special Import Measures Act* (SIMA). Where interest is payable, it is calculated at the prescribed rate on a monthly basis using the simple interest formula.

Payment Process

35. The importer is responsible for self-assessing duty and taxes owing on all production and service shipments released during the previous release period. The importer will also self-assess revenue owing on complete vehicle imports. The client is responsible for reporting the revenue breakouts associated with self-assessed revenue including duty, Goods and Services Tax, amounts payable under the *Special Import Measures Act*, excise, and related line-object codes. Revenue breakouts will accompany final payment and be reported on a revenue summary statement. Form K84, *Importer/Broker Account Statement*, no longer reports production and service shipments.

36. In respect of goods subject to the *Special Import Measures Act*, the importer will identify all imported goods subject to SIMA measures and will self-assess and pay SIMA duties on goods subject to antidumping and countervailing measures at the time of accounting for the goods. A bond may be posted for provisional duties when provisional measures are in effect.

37. Payment is required by the last business day of the month in which the release period ends, and is to be made at the CBSA control office for the respective automotive manufacturer.

Verification

38. Manufacturers will ensure that their systems and related controls maintain audit trails that will produce complete, dependable, and accurate information to correctly:

- (a) report the entry of all goods;
- (b) classify the goods;
- (c) apply the rules of origin and tariff treatment;
- (d) establish their own duties-relief responsibility;
- (e) determine the value for duty;
- (f) determine and pay the amount of any anti-dumping, countervailing, or provisional duties applicable under the *Special Import Measures Act*. The audit trail for these duties must include both a description of the goods sufficient to determine subjectivity, and the calculation of the SIMA amount, which includes the normal value, export price, or amount of subsidy; and
- (g) comply with the requirements of Statistics Canada and OGDs for imported goods.

39. Any subsequent adjustments must be equally substantiated, and accurate records must be maintained. The participant may be assessed additional duties and interest if the audit trails are not complete, accurate, and dependable.

Penalty Information

40. For information on administrative penalties, please refer to Memorandum D22-1-1, *Administrative Monetary Penalty System (AMPS)*. Information on AMPS penalties is also available on the CBSA Web site at www.cbsa.gc.ca.

41. Other administrative sanctions, such as the revocation of program privileges and penalties of Other Government Departments, may also be applicable.

42. In some situations, failure to comply with the CBSA requirements outlined in the Customs Act, may result in the seizure and forfeiture of the goods and/or conveyance, and in serious cases criminal charges may be applicable.

Additional Information

43. The CBSA's Border Information Service (BIS) line responds to public inquiries related to import requirements of other government departments, including Industry Canada. You can access BIS toll-free throughout Canada by calling **1-800-461-9999**. If you are calling from outside Canada, you can access BIS by calling 204-983-3500 or 506-636-5064 (long-distance charges will apply). To speak directly to an agent, please call during regular business hours from Monday to Friday (except holidays), 8 a.m. to 4 p.m. local time. More BIS information can be found on the CBSA's Web site at www.cbsa.gc.ca.

APPENDIX A

FORM A49, AUTOMOTIVE REPORT AND RELEASE DOCUMENT

Canada Border Services Agency / Agence des services frontaliers du Canada

AUTOMOTIVE REPORT AND RELEASE DOCUMENT / DOCUMENT DE DECLARATION ET DE MAINLEVÉE DE L'INDUSTRIE AUTOMOBILE

Note: Complete both sections I and II below / Note: Veuillez remplir les sections I et II ci-dessous

Section I: Conveyance information - Renseignements sur le moyen de transport

1. Conveyance name and address - Nom et adresse du destinataire
Mopar Chrysler, Ford et GM - Seulement pour Chrysler, Ford et GM

2. Carrier name - Nom du transporteur

3. U.S. port of exit - Bureau de sortie (sés E-U)

4. Date of border crossing / Date du passage à la frontière
Y. A. M. D. J.

5. Country of origin - Pays d'origine

6. Release office - Bureau de mainlevée

7. Motorist's license No. - N° du permis de conduire

8. Carrier code - Code du transporteur
CD453 FO476 GD430

Do not use this area / N'utilisez pas ici

Document No. / N° du document

9. The motorist's No. - N° de la remorque ou du wagon

Section II: Supplier shipment information - Renseignements du fournisseur sur l'envoi

Special instructions
Remplissez une ligne pour chaque SID ou pour chaque bordereau d'expédition.
Description des marchandises

Description of goods
Select the appropriate codes to complete the commodity code column

A	Power train components / Pièces entraînantes	E	Brake components / Pièces frein
B	Chassis components / Éléments de châssis	F	Fuel systems and tanks / Systèmes et réservoirs à carburant
C	Steering components / Éléments de direction	G	Electrical components / Éléments de système électrique
D	Suspension components / Éléments de suspension	H	Body components / Pièces carrosserie et intérieurs
I	Body trim and glass components / Pièces intérieures, de garnissage et de vitre	M	Other - specify / Autre - précisez
J	Body hardware and accessories / Quincaillerie et accessoires de carrosserie	N	
K	Trim / Garnissage	O	
L	Paints, chemicals and lubricants / Peintures, produits chimiques et lubrifiants	P	

10. Supplier code or name / Code ou nom du fournisseur

11. Packing slip - SID No. / Bordereau d'expédition - N° du SID

12. Supplier city and state / Nom de la ville et de l'état du fournisseur

13. Supplier name (part) - Nom du fournisseur (en français)

14. Part / Blev / No. of packages / Nombre de colis

15. Weight / Poids

16. Commodity code / Code de marchandises

17. Paper code / Code de papier

18. Country code / Code de pays

19. Driver's name (part) - Nom du chauffeur (en français)

20. Driver's signature - Signature du chauffeur

AGF (FR)

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INSTRUCTIONS FOR THE COMPLETION OF FORM A49

Form A49, *Automotive Report and Release Document*, must be completed for all production and service shipments arriving by highway, and imported by Chrysler Canada Ltd., Ford Motor Company of Canada Limited, and General Motors of Canada Limited. The following outlines the information to be shown on the *Automotive Report and Release Form*.

1. **Consignee Name and Address** – Indicate the name and the address of the automotive company importing the goods. On the Continuation Sheet, indicate the name only.
2. **Carrier Name** – Indicate the name of the carrier company transporting the goods into Canada.
3. **U.S. Port of Exit** – Indicate the U.S. border crossing for all shipments invoiced from the United States. The names of both the city/town and the state must be completed.
4. **Date of Border Crossing** – Indicate the date the shipment entered Canada.
5. **Country of Origin** – Indicate the Country of Origin of the imported goods. If the goods originate from more than one country, write “Various.”
6. **Release Office** – Indicate the name or number of the CBSA office where the goods are reported and released.
7. **Master Bill of Lading No.** – Complete for Chrysler and Ford only (for use on consolidated loads only).
8. **Carrier Code** – Indicate the four-digit code starting with 2, 3, 4, or 7 used by CBSA to identify the carrier. Improper codes can result in delayed release. *Do not use the SCAC code.*
9. **Trailer/Rail Car No.** – The trailer or rail car number is required for all shipments. Do not use the licence plate number.
10. **Shipping Date** – The date of direct shipment for each individual shipment from the Vendor is required. The format of the ship date must be completed as year, month, day. For example, September 25, 1997, would be shown as follows:
 YY/MM/DD
 97/09/25
11. **Packing Slip/SID No.** – The completion of this field is determined by the company to which the goods have been consigned:
 - Chrysler Canada Ltd.** – Indicate the packing slip number;
 - Ford Motor Company of Canada Limited** – Indicate the packing slip number;
 - General Motors of Canada Limited** – Indicate the Shipment Identification Number (SID). This can be found on the Bill of Lading.
12. **Supplier Code or Name** – The completion of this field is determined by the company to which the goods have been consigned:
 - Chrysler Canada Ltd.** – Indicate the five-digit Supplier Code first, followed by the supplier name;
 - Ford Motor Company of Canada, Limited** – Indicate the five-digit Supplier Code first, followed by the supplier name;
 - General Motors of Canada Limited** – Indicate the Supplier Name only.
13. **Supplier City** – Indicate the city and state where the supplier is located.
14. **Production/Service** – Indicate if the goods are for production or service by marking an “” in the appropriate column.
15. **No. of Packages** – Indicate the actual number of packages, parcels, drums, etc. being imported.
16. **Weight** – Indicate the gross weight and the unit measure (e.g. lb. or kg).
17. **Plant Code** – Indicate the plant code where the shipment will be delivered.
18. **Commodity Code** – From the Special Instructions section, select the appropriate commodity code to describe the goods (A to L above). If none of these codes accurately describes the goods, write the description on one of the additional lines (M, N, O, or P) and indicate_.
19. **Driver’s Name (Print)** - Indicate the name of the driver of the conveyance transporting the goods into Canada.
20. **Driver’s Signature**- The signature of the actual driver of the conveyance transporting the goods into Canada.
21. **Page 1 of ____** - Indicate the total number of pages of the RRD. If there is more than one page, the Continuation Sheet should be used. This field must be completed on all subsequent pages. When completing more than one page, one must also complete fields 1, 8, and 9 for each page.

REFERENCES

<p>ISSUING OFFICE –</p> <p>Import Programs Management Commercial Border Programs Division Programs Branch</p>	<p>HEADQUARTERS FILE –</p> <p>604-0, 604-1, 604-3, 604-5, 604-6, 604-9, 604,11</p>
<p>LEGISLATIVE REFERENCES –</p> <p><i>Customs Act</i>, sections 32 and 33 <i>Accounting for Imported Goods and Payment of Duties Regulations</i>, sections 3 to 17</p>	<p>OTHER REFERENCES –</p> <p><i>Motor Vehicle Tariff Order 1988</i> D3-1-1, D3-8-1, D17-1-5</p>
<p>SUPERSEDED MEMORANDA “D” –</p> <p>D17-3-1, October 26, 1995</p>	

Services provided by the Canada Border Services Agency are available in both official languages.

