



Ottawa, March 9, 2015

## Rules of Origin Respecting the General Preferential Tariff and Least Developed Country Tariff

### In Brief

1. This memorandum has been updated to reflect the amendments to the [General Preferential Tariff and Least Developed Country Tariff Rules of Origin Regulations](#) (the Regulations).
2. The Regulations were amended to enable products from least developed countries to continue qualifying for duty-free treatment under the Least Developed Country Tariff (LDCT), even when using inputs from pre-2015 General Preferential Tariff (GPT) beneficiaries.
3. The pre-2015 GPT beneficiaries are listed (“grandfathered”) in Schedule 2 of the Regulations.
4. Also included in the Regulations are the following revenue-neutral technical amendments:
  - (a) Removal of the rules of origin applicable to goods that are duty-free on an MFN basis;
  - (b) Updated Schedule to reflect the revisions to the [Customs Tariff](#);
  - (c) The word “territory” is included in the definitions of “beneficiary country” and “least developed country”;  
and
  - (d) Clarification that the rule of origin for apparel applies only to the fabric that makes up the major portion of the imported garment.
5. A modification to paragraph 71 was made in the “Guidelines and General Information” section of this memorandum in order to add [Memorandum D11-4-28, Haiti Goods Deemed to be Directly Shipped to Canada for the Purposes of the General Preferential Tariff \(GPT\) and the Least Developed Country Tariff \(LDCT\)](#) as being an exception where goods may be entitled to alternative shipping requirements.
6. The editing revisions made in this memorandum do not affect or change any of the existing policies or procedures.

This memorandum outlines the guidelines for the determination of the origin of goods for purposes of the General Preferential Tariff (GPT) and Least Developed Country Tariff (LDCT) treatments, enacted pursuant to the [Customs Tariff](#).

### Legislation

[Customs Act](#)

[Customs Tariff](#)

[General Preferential Tariff and Least Developed Country Tariff Rules of Origin Regulations](#)

[Proof of Origin of Imported Goods Regulations](#)

[Determination of Country of Origin for the Purpose of Marking Goods \(Non-NAFTA Countries\) Regulations](#)

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## Guidelines and General Information

1. GPT and LDCT beneficiary countries are identified in the [Customs Tariff](#).
2. All countries entitled to the LDCT treatment as indicated in the [Customs Tariff](#), are also beneficiaries of the GPT.

### Definitions

3. The “Interpretation” section of the [General Preferential Tariff and Least Developed Country Tariff Rules of Origin Regulations](#) (the Regulations) contains definitions that are important in understanding the administration of the Regulations. For purposes of this memorandum, the following terms are also important:

ex-factory price – means the total value of: (a) materials; (b) parts; (c) factory overhead; (d) labour; (e) any other reasonable costs incurred during the normal manufacturing process, e.g. duties and taxes paid on materials imported into a beneficiary country and not refunded when the goods were exported; and (f) a reasonable profit. [Note: Any costs incurred subsequent to the goods leaving the factory, such as freight, loading, temporary storage, are not included in the ex-factory price calculation.]

HS – means the Harmonized Commodity Description and Coding System that is used for the classification of goods.

Paragraph – means a subset of a subsection to the Regulations (for example: paragraph 2(1)(a) is one of the definitions used to determine if a good originates from a GPT or LDCT beneficiary country).

Section – means a portion of the Regulations (for example: Section 4 pertains to Direct Shipment).

Subsection – means a subset of a section of the Regulations (for example subsection 2(1) defines goods as wholly obtained or produced).

### Product Coverage

4. The applicable GPT rates of duty appear in the [Customs Tariff](#). Goods for which a GPT rate is not indicated are not entitled to a GPT rate of duty but rather are subject to an alternate tariff treatment, usually the Most-Favoured-Nation Tariff (MFN). In addition, handicrafts from GPT beneficiary countries that meet the criteria outlined in [Memorandum D10-15-13, Handicrafts](#), may benefit from duty-free treatment.

5. The applicable LDCT rates of duty accorded to goods are identified in the [Customs Tariff](#). Where a LDCT rate is not indicated, the goods in question are not entitled to the LDCT treatment, but rather are usually subject to the alternate GPT or MFN treatment.

### Methods of Determining Country of Origin

#### General

6. The country of origin of goods imported from a GPT or LDCT beneficiary is determined using the rules of origin set out in sections 2 through 4 of [the Regulations](#).

#### Rules of Origin for GPT

7. To determine if goods are entitled to the GPT, only subsections 2(1), 2(2) and 2(8), in addition to sections 1, 3 and 4 of [the Regulations](#) may be applied.

GPT – Application of Subsection 2(1)

8. A good is “wholly obtained or produced” in a GPT beneficiary if it meets one of the definitions set out in subsection 2(1) of [the Regulations](#). “Wholly obtained” does not mean a good purchased in a GPT beneficiary. Goods, which are “wholly obtained or produced” in a GPT beneficiary, **must not** contain any foreign materials or parts from outside that GPT beneficiary.

**Example:** Sugar cane grown and harvested in Pakistan would meet the definition of paragraph 2(1)(b) of the Regulations.

**Example:** Leather belts are produced in Egypt. They are made from leather wholly produced from cattle born and raised in Egypt. Therefore the belts are wholly produced in Egypt by the application of paragraph 2(1)(j).

#### GPT – Application of Subsections 2(2) and 2(8)

9. To qualify for the GPT treatment by the application of subsection 2(2) of [the Regulations](#), a maximum 40% of the ex-factory price of the good as packed for shipment to Canada, may originate outside a GPT beneficiary or Canada. (i.e. at least 60% of the ex-factory price of the good as packed for shipment to Canada must originate in one or more GPT beneficiary countries or Canada.)

**Example:** A radio receiver subassembly is produced in Cambodia from imported parts. The receiver subassembly is then exported to the Philippines, where it is manufactured with other imported materials into a finished radio. As both countries are GPT beneficiary countries, the value of the materials and work done in Cambodia may be added to the work done in the Philippines to determine whether the radio meets the 60% originating content requirement.

**Example:** Insulated wire is manufactured in Bolivia. The materials used include steel from Canada, rubber from Côte d’Ivoire, and Bolivian materials and labour costs. To determine whether the wire meets the qualifying content requirement, the value of the Canadian steel may be added to the content originating from the GPT beneficiary countries.

10. The GPT 60% qualifying content may be cumulated from various GPT beneficiary countries or Canada in accordance with subsection 2(8) of [the Regulations](#). However, any parts, materials or inputs used in the production of the goods that have entered the commerce of any country other than a GPT beneficiary country or Canada lose their GPT status.

11. To calculate the qualifying content, all GPT beneficiary countries are regarded as one single area. All value-added and manufacturing processes performed in the area may be integrated to meet the qualifying content requirement. Any Canadian content used in the production of the goods is also regarded as content from the GPT beneficiary country where the goods originate.

12. The goods must be finished in the GPT beneficiary country in the form in which they are imported into Canada.

#### Rules of Origin for LDCT

13. To determine if goods are entitled to the LDCT, only subsections 2(1), 2(3) through 2(7) and 2(9), in addition to sections 1, 3 and 4 of [the Regulations](#) may be applied.

14. The goods must be finished in an LDCT beneficiary country in the form in which they are imported into Canada.

#### LDCT – Application of Subsection 2(1)

15. Where any good is identified in the [Customs Tariff](#) as being accorded the LDCT, subsection 2(1) of [the Regulations](#) may be applied to determine if the goods qualify for the LDCT. A good is “wholly obtained or produced” in a LDCT beneficiary if it meets one of the definitions set out in subsection 2(1) of the Regulations.

16. Goods, which are wholly obtained or produced in an LDCT beneficiary under this subsection, **must not** contain any foreign materials or parts from outside that LDCT beneficiary. In addition, “wholly obtained” does not mean a good purchased in an LDCT beneficiary.

**Example:** Fish caught in Haiti would meet the definition of paragraph 2(1)(e) of [the Regulations](#).

**Example:** Cotton is harvested in Burundi. The cotton is spun into yarn and then woven into blankets in Burundi. The blankets are wholly produced in Burundi by the application of paragraph 2(1)(j) of the Regulations.

17. When goods of HS Chapters 50-63 are determined to originate by the application of this subsection, Criteria G would be quoted in Field 6 of the [Certificate of Origin – Textile and Apparel Goods Originating in a Least Developed Country \(Form B255\)](#).

LDCT – Application of Subsections 2(3) and 2(9)

18. Where any good, with certain exceptions, is identified in the [Customs Tariff](#) as being accorded the LDCT, subsection 2(3) may be applied to determine if the good qualifies for the LDCT. **Exception:** this subsection may not be used to determine the origin of goods set out in Parts A1 or B of Schedule 1 to [the Regulations](#).

19. When determining if goods are entitled to the LDCT by the application of subsection 2(3) of the Regulations, exporters must ensure that the value of all materials, parts or products, including such materials, parts or products as threads, linings, interfacing, trims, zippers, buttons or fasteners which originate outside Canada or any least developed country, or in an undetermined location, is no more than 60% of the ex-factory price of the goods as packed for shipment to Canada. (i.e. at least 40% of the ex-factory price of the goods as packed for shipment to Canada must originate in one or more LDCT beneficiary countries or Canada).

20. In accordance with subsection 2(9) of [the Regulations](#), for purposes of applying subsection 2(3), the value of any materials, parts or products used in the manufacture or production of the goods may include a value of up to 20% of the ex-factory price of the goods, as packed for shipment to Canada from a country set out in Schedule 2 of the Regulations.

21. To calculate the qualifying content, all LDCT beneficiary countries are regarded as one single area. All value-added and manufacturing processes performed in the area may be integrated to meet the qualifying content requirement. Any Canadian content used in the production of the goods is also regarded as content from the LDCT beneficiary country where the goods originate. However, any parts, materials or inputs used in the production of the goods that have entered the commerce of any country other than an LDCT beneficiary country or Canada lose their LDCT status.

**Example:** Wool of Yemen is combined with spandex of Hong Kong and sewing thread of India to manufacture wool socks in Yemen. Under this subsection, a textile or apparel good may contain parts and materials originating outside an LDC, a country set out in Schedule 2 of [the Regulations](#) or Canada and valued at no more than 60% of the ex-factory price of the good as packed for shipment to Canada. The wool of Yemen origin represents 35% of the ex-factory price. The sewing thread of India and spandex of Hong Kong represents an additional 7%. This subsection permits inputs from countries set out in Schedule 2 of the Regulations, such as Hong Kong and India, to be included in the 40% originating parts and materials requirement. The 35% input of wool from Yemen combined with the 7% sewing thread and spandex inputs from the countries set out in Schedule 2 of the Regulations exceed the 40% minimum input requirement under this subsection. The socks therefore qualify for the LDCT.

22. The exporter has the option of certifying the originating status of any good set out in paragraphs 15 or 18 to 20 under this subsection or under subsection 2(1) of [the Regulations](#).

23. When goods of HS Chapters 50-63 are determined to originate by the application of this subsection, Criteria A would be quoted in Field 6 of the [Certificate of Origin – Textile and Apparel Goods Originating in a Least Developed Country \(Form B255\)](#).

LDCT – Application of Paragraph 2(4)(a)

24. This paragraph may only be used to determine if “apparel goods” as set out in Parts A1 and A2 of Schedule 1 to [the Regulations](#) are entitled to the LDCT.

25. To be entitled to the LDCT, such “apparel goods” must be assembled in an LDCT beneficiary. The fabric used in the assembly of such “apparel goods” must be cut in **that LDC** or Canada, and, in the case where such “apparel goods” are assembled from parts, those parts must be knit to shape in an LDC or Canada.

26. Furthermore, the fabric, or parts knit to shape, must be produced in any LDC or in Canada from yarns spun or extruded in any LDCT beneficiary, a country set out in Schedule 2 of [the Regulations](#), or in Canada. The yarns or fabric, or parts knit to shape, must not undergo any further processing outside any LDCT beneficiary or Canada. In

the case of yarns, they must also not undergo any further processing outside of a country set out in Schedule 2 of the Regulations.

**Example:** Dresses or skirts manufactured in Mali will qualify as originating and be eligible for duty-free LDCT provided that the dresses or skirts are assembled in Mali from fabric that has been cut in Mali or Canada. The fabric must be produced in any LDC or in Canada from yarns that originate in any LDCT beneficiary, a country set out in Schedule 2 of the Regulations or Canada and the yarns or fabric have not undergone any further processing outside any LDC or Canada. As well, the yarns must have not undergone any further processing outside of a country set out in Schedule 2 of the Regulations.

27. When goods of Parts A1 and A2 of Schedule 1 to [the Regulations](#) are determined to originate by the application of this subsection, Criteria D would be quoted in Field 6 of the [Certificate of Origin – Textile and Apparel Goods Originating in a Least Developed Country \(Form B255\)](#).

28. Where “apparel goods” are classified under a tariff item set out in Part A2 of Schedule 1 to [the Regulations](#) the exporter has the option of certifying the goods under this subsection or subsections 2(1) or 2(3).

LDCT – Application of Paragraph 2(4)(b) and Subsection 2(5)

29. This paragraph may only be used to determine if “apparel goods” as set out in Parts A1 and A2 of Schedule 1 to [the Regulations](#) are entitled to the LDCT.

30. To be entitled to the LDCT, such “apparel goods” must be assembled in an LDCT beneficiary. The fabric used in the assembly of such “apparel goods” must be cut in **that LDC** or Canada.

31. Furthermore, the fabric or parts knit to shape must be produced in a country set out in Schedule 2 of [the Regulations](#) from yarns spun or extruded in any LDCT beneficiary, a country set out in Schedule 2 of the Regulations or Canada. The yarns or fabric, or parts knit to shape, must not undergo any further processing outside an LDCT beneficiary, a country set out in Schedule 2 of the Regulations or Canada.

32. Finally, the value of any materials, including packing, that are used in the manufacture of the goods, that originate outside the LDC in which the goods are assembled must not be more than 75% of the ex-factory price of the goods as packed for shipment to Canada. However, any parts, materials or inputs used in the production of the goods that have entered the commerce of any country other than an LDCT beneficiary country or Canada lose their LDCT status.

33. For purposes of paragraph 32, any materials used in the manufacture or production of the good that originate in Canada are deemed to have originated in the LDC where the goods are assembled.

**Example:** Those same dresses or skirts manufactured in Mali will qualify as and be eligible for duty-free LDCT provided that the dresses or skirts are assembled in Mali and the fabric used in the manufacture of the dresses or skirts is produced in a country set out in Schedule 2 of [the Regulations](#) from yarns spun or extruded in an LDCT beneficiary, a country set out in Schedule 2 of the Regulations or Canada. The yarns and fabric cannot undergo further processing outside an LDCT beneficiary, a country set out in Schedule 2 of the Regulations or Canada. When using fabric manufactured in a country set out in Schedule 2 of the Regulations, the value of any materials, including packing, which does not originate in the LDC where the dresses or skirts are assembled must not exceed 75% of the ex-factory price of the goods as packed for shipment to Canada.

34. When goods of Parts A1 and A2 of Schedule 1 to [the Regulations](#) are determined to originate by the application of this subsection, Criteria E would be quoted in Field 6 of the [Certificate of Origin – Textile and Apparel Goods Originating in a Least Developed Country \(Form B255\)](#).

35. Where “apparel goods” are classified under a tariff item set out in Part A2 of Schedule 1 to [the Regulations](#), the exporter has the option of certifying the goods under this subsection or subsections 2(1) or 2(3).

LDCT – Application of Subsection 2(6)

36. This subsection may only be used to determine if “made-up textile goods” as set out in Part B of Schedule 1 to [the Regulations](#) are entitled to the LDCT.

37. To be entitled to the LDCT, such “made-up textile goods” must be cut, or knit to shape, and sewn or otherwise assembled in an LDCT beneficiary.

38. Furthermore, the fabric or parts knit to shape must be produced in an LDCT beneficiary or Canada from yarns spun or extruded in any LDCT beneficiary, a country set out in Schedule 2 of [the Regulations](#) or Canada. The yarns or fabric or parts knit to shape must not undergo any further processing outside an LDCT beneficiary or Canada. In the case of yarns, they must also not undergo any further processing outside of a country set out in Schedule 2 of the Regulations.

**Example:** Wool yarn produced in Afghanistan is exported to Bangladesh where the yarn is produced into wool fabric. The wool fabric is shipped directly to Lao People’s Democratic Republic for further production into a good classified as “Other Made-up Textile Article.” The production process of the finished good in Lao People’s Democratic Republic must include cutting, or knitting to shape, of the fabric as well as sewing or otherwise assembling in that country in order for the good to qualify for the LDCT.

39. When goods of Part B of Schedule 1 to [the Regulations](#) are determined to originate by the application of this subsection, Criteria F would be quoted in Field 6 of the [Certificate of Origin – Textile and Apparel Goods Originating in a Least Developed Country \(Form B255\)](#).

40. The exporter has the option of certifying “made-up textile goods” of Part B of Schedule 1 to [the Regulations](#) under this subsection or subsection 2(1).

LDCT – Application of Subsection 2(7)

41. When determining if goods set out in Part A1 or A2 of Schedule 1 to [the Regulations](#) are entitled to the LDCT by the application of paragraph 2(4)(a) or 2(4)(b) of the Regulations, only the fabric or parts knit to shape that determines the tariff classification of the good shall be considered. Any materials, parts or products such as threads, linings, interfacing, trims, zippers, buttons or fasteners may be disregarded. In the case where subparagraph 2(4)(b)(ii) of the Regulations is applied, exporters must ensure that the value of all materials, parts or products that originate outside Canada, or the least developed country in which the goods are assembled, is no more than 75% of the ex-factory price of the goods as packed for shipment to Canada.

42. Similarly, when determining if goods set out in Part B of Schedule 1 to [the Regulations](#) are entitled to the LDCT by the application of subsection 2(6) of the Regulations, only the fabric or parts knit to shape that determines the tariff classification of the good shall be considered. Any materials, parts or products such as threads, linings, interfacing, trims, zippers, buttons or fasteners may be disregarded.

## **Certification Requirements – Commercial Goods**

### **General**

43. Section 4 of the [Proof of Origin of Imported Goods Regulations](#), also found in [Memorandum D11-4-2, Proof of Origin](#), outlines the requirements for the GPT and LDCT proof of origin. The exporter of the goods located in the beneficiary or LDC in which the goods were finished must complete the proof of origin.

44. The proof of origin is not required to be an original. In all cases, proof of origin must cross-reference the applicable invoice number(s). The invoice must list the goods for which the preferential treatment is claimed separately from the non-preference receiving goods. However, separate invoices are not required.

### **Proof of Origin – GPT**

45. For all originating goods from GPT beneficiary countries, Form A – *Certificate of Origin* (refer to Appendix A) or the Exporter’s Statement of Origin (refer to Appendix B) may be submitted as proof of origin. In most cases, exporters should find the Exporter’s Statement of Origin easier to complete and provide than the alternate Form A. See paragraphs 48 to 53 below for further information regarding these documents.

### **Proof of Origin – LDCT**

46. Except for originating goods of HS Chapters 50-63, either Form A – *Certificate of Origin* or the Exporter’s Statement of Origin may be submitted as proof of origin. In most cases, exporters should find the Exporter’s

Statement of Origin easier to complete and provide than the alternate Form A. See paragraphs 48 to 53 below for further information regarding these documents.

47. For originating textile and apparel goods of HS Chapters 50-63 the [Certificate of Origin – Textile and Apparel Goods Originating in a Least Developed Country \(Form B255\)](#) must be submitted as proof of origin. See paragraphs 54 and 55 below for further information regarding this certificate.

### **Form A – Certificate of Origin**

48. A copy of the Generalized System of Preferences, Form A – *Certificate of Origin*, and the completion instructions are found in Appendix A.

49. Canada no longer requires Form A to be stamped and signed by an authority designated by the beneficiary country. Therefore, Form A no longer needs to be an original and Field No. 11 may be left blank.

50. A consignee in Canada must be identified in Field No. 2 of the Form A, to ensure that the exporter in the beneficiary or LDC certified the origin of the goods according to Canadian rules of origin. The consignee is the person or company, whether it is the importer, agent, or other party in Canada, to which goods are shipped under a Through Bill of Lading (TBL) and is so named in the bill. Where 100% of the value of the goods originates in the beneficiary or least developed country, a consignee in Canada does not need to be indicated in Field No. 2 of the Form A.

51. For the GPT and LDCT, the origin criterion in Field No. 8 of Form A must be one of the following:

**P** means wholly (100%) produced (as defined in subsection 2(1) of [the Regulations](#)) in the beneficiary or LDC;

**F** for GPT, means, at least 60% of the ex-factory price was produced in the GPT beneficiary country;

**F** for LDCT, means, at least 40% of the ex-factory price was produced in the LDCT country. The existing 40% of the ex-factory price of the goods as packed for shipment to Canada may also include a value of up to 20% of the ex-factory price of the goods from countries set out in Schedule 2 of the Regulations;

**G** for GPT, means, at least 60% of the ex-factory price was cumulatively produced in more than one GPT beneficiary country or Canada;

**G** for LDCT, means, at least 40% of the ex-factory price was cumulatively produced in more than one LDCT beneficiary country or Canada. The existing 40% of the ex-factory price of the goods as packed for shipment to Canada may also include a value of up to 20% of the ex-factory price of the goods from countries set out in Schedule 2 of the Regulations.

### **Exporter's Statement of Origin**

52. A copy of the Exporter's Statement of Origin is set out in Appendix B. It must be completed and signed by the exporter in the beneficiary or LDC in which the goods were finished. The statement may be written out on a [Form C11, Canada Customs Invoice](#), or a commercial invoice or provided as a separate document. The information required in the statement must be provided in its entirety for goods to qualify for the GPT or LDCT.

53. If the statement is provided as a separate document from the invoice, the statement must reference the applicable invoice number(s). If the statement is for multiple invoices, the invoice numbers must be identified within the statement. A statement with an attached list of invoice numbers will not be acceptable.

### ***Certificate of Origin – Textile and Apparel Goods Originating in a Least Developed Country (Form B255)***

54. The [Certificate of Origin – Textile and Apparel Goods Originating in a Least Developed Country \(Form B255\)](#) must be completed by the exporter of the goods in the LDC in which the goods were finished in the form they are imported into Canada.

55. The applicable origin criteria for apparel goods and other made-up textile articles are set out in the **Applicable Origin Criteria for Textile and Apparel Goods** table:

| Goods   |                                | Origin Criteria           |                            |                            |                             |                             |                           |                           |
|---|--------------------------------|---------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------|
|   |                                | “A”<br>subsection<br>2(3) | “B”<br>subsection<br>(2.2) | “C”<br>subsection<br>(2.3) | “D”<br>paragraph<br>2(4)(a) | “E”<br>paragraph<br>2(4)(b) | “F”<br>subsection<br>2(6) | “G”<br>subsection<br>2(1) |
| Goods of HS Chapters 50-63 which are <b>not</b> listed in Schedule 1 of the Regulations |                                | v                         | repealed                   | repealed                   |                             |                             |                           | v                         |
| Goods as set out in Schedule 1 to the Regulations:                                      |                                |                           |                            |                            |                             |                             |                           |                           |
| A1  | Apparel Goods                  |                           |                            |                            | v                           | v                           |                           | v                         |
| A2  | Apparel Goods                  | v                         |                            |                            | v                           | v                           |                           | v                         |
| B   | Other Made-up Textile Articles |                           |                            |                            |                             |                             | v                         | v                         |

## Certification Requirements – Casual Goods

56. Section 4 of the [Proof of Origin of Imported Goods Regulations](#), also found in [Memorandum D11-4-2](#), outlines the requirements for the GPT and LDCT proof of origin for casual goods. Where casual goods are:

- (a) imported in a traveller’s baggage or consigned from an individual in the beneficiary or LDC to an individual in Canada; and
- (b) declared at the time of importation as not intended for resale, the importer is exempt from providing proof of origin, if there is no evidence to indicate that the goods are not the product of the beneficiary or LDC.

## Obligations Regarding Importations

57. According to section 4 of the [Proof of Origin of Imported Goods Regulations](#), to claim the GPT or LDCT benefits, importers must make a declaration that they have in their possession the required proof of origin, a Form A – *Certificate of Origin*, an Exporter’s Statement of Origin or the [Certificate of Origin – Textile and Apparel Goods Originating in an Least Developed Country \(Form B255\)](#).

58. The importer makes this declaration on [Form B3-3, Canada Customs Coding Form](#), by inserting Code 9 for GPT or Code 8 for LDCT in Field No. 14, “Tariff Treatment.” Also, the importer declaration field on Form B3-3 must be completed with the signature of the importer. For further instructions concerning Form B3-3, please refer to [Memorandum D17-1-10, Coding of Customs Accounting Documents](#).

59. The proof of origin must be presented to the Canada Border Services Agency (CBSA) upon request. Failure to do so will result in the application of either the MFN treatment or other appropriate tariff treatment and the application of Administrative Monetary Penalty C152, “Importer or owner of goods failed to furnish proof of origin upon request.”

60. When requested by the CBSA to present the proof of origin, the importer may be required to provide a complete and accurate translation in English or French.

61. An importer may be requested to submit further documentation to substantiate the origin of the goods, such as bills of materials and purchase orders.

## False Declarations

62. The making or assenting to the making of a false declaration in a statement made verbally or in writing to the CBSA is an offence under section 153 of the [Customs Act](#) and may be subject to sanctions under section 160 of that Act.

## Shipping Requirements

63. The goods must be shipped directly on a TBL to a consignee in Canada from the beneficiary or LDC in which the goods were certified. Evidence in the form of a TBL (or a copy) showing that the goods have been shipped directly to a consignee in Canada must be presented to the CBSA upon request. An importer may be requested to



submit further documentation to substantiate the TBL, such as sales order, report of entry documents, and cargo control documents.

64. The TBL is a contract to convey goods from one point to another. It is to ensure the direct shipment of goods from the country of origin to a consignee in Canada. The TBL is one single document that is issued prior to the goods beginning their journey when the carrier assumes care, custody, and control of the goods. It usually contains the following information:

- (a) the identity of the exporter in the country of origin;
- (b) the identity of the consignee in Canada;
- (c) the identity of the carrier or agent who assumes liability for the performance of the contract;
- (d) the contracted routing of the goods identifying all points of transshipment;
- (e) a full description of the goods and the marks and numbers of the package; and
- (f) the place and date of issue.

**Note:** A TBL that does not include all points of transshipment may be accepted, if these are set out in related shipping documents presented with the TBL.

65. In the case of consolidated freight, where the TBL is a lengthy document covering unrelated goods, the importer may present the cargo receipt from the carrier (or a copy) in lieu of the TBL. The CBSA may request that the TBL be presented as final verification that the goods have been shipped directly to Canada.

66. On a case-by-case basis, an amended TBL may be accepted as proof of direct shipment where documentation errors have occurred and the amended TBL corrects an error in the original document. In such cases, the carrier must provide proof that the amended TBL reflects the actual movement of the goods as contracted when the goods began their journey. Documentation presented must clearly indicate the actual movement of the goods.

67. Air cargo is usually transhipped in the air carrier's home country even if no transshipment is shown on the house air waybill. Therefore, where goods are transported via air freight, the house air waybill is acceptable as a TBL.

### **Consignee**

68. To fulfil the direct shipment requirement, goods must be shipped to a consignee in Canada. The consignee is the person or company, whether the importer, agent, or other party in Canada, to which goods are shipped under a TBL and is so named in the bill. In circumstances where goods are consigned "to order," the TBL is acceptable as evidence of direct shipment as long as the party within Canada to whom the goods are shipped is identified on the TBL, usually in the "Notify Party" field.

### **Transshipment**

69. Transshipment through an intermediate country is permitted provided the conditions prescribed by section 18 of the [Customs Tariff](#) are met, as follows:

- (a) the goods remain under customs transit control in the intermediate country;
- (b) the goods do not undergo any operation in the intermediate country other than unloading, reloading or splitting up of loads, or any other operation required to keep the goods in good condition;
- (c) the goods do not enter into trade or consumption in the intermediate country; and
- (d) the goods do not remain in temporary storage in the intermediate country for a period exceeding six months.

70. Transshipment is the act of taking cargo out of one conveyance and loading it into another conveyance. It also includes the act of taking cargo out of one conveyance and reloading it into the same conveyance. The landing of an airplane for refuelling or docking of a ship to take on additional cargo does not constitute transshipment if the goods in question are not unloaded from the conveyance.

71. Some exceptions exist where goods may be entitled to alternative shipping requirements. For more information, please refer to [Memorandum D11-4-9, Goods Originating in Mexico, Deemed to be Directly Shipped to Canada for the Purposes of the General Preferential Tariff \(GPT\)](#), [Memorandum D11-4-10, Instructions Pertaining to the China Direct Shipment Condition Exemption Order](#), or [Memorandum D11-4-28, Haiti Goods Deemed to be Directly Shipped to Canada for the Purposes of the General Preferential Tariff \(GPT\) and the Least Developed Country Tariff \(LDCT\)](#).

## Marking

72. Where goods are required to be marked, they are to be marked with the country of origin in accordance with the [Determination of Country of Origin for the Purpose of Marking Goods \(Non-NAFTA Countries\) Regulations](#). Further information concerning the marking of goods is set out in [Memorandum D11-3-1, Marking of Imported Goods](#).

## Refunds

73. Where the GPT or the LDCT treatment is not claimed at time of importation as a result of an error, involuntary omission, proof of origin not available at time of importation, or any other circumstances, an application for a refund may be submitted under paragraph 74(1)(e) of the [Customs Act](#). An application for a refund of duties must be filed on [Form B2, Canada Customs – Adjustment Request](#), within four years from the date of accounting at a customs office in the region where the goods were accounted for under the *Customs Act*. Refer to [Memorandum D6-2-3, Refund of Duties](#), for more information.

## Additional Information

74. 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**

**Form A – Certificate of Origin**

|   |                                  |  |  |                                   |                                 |
|---|----------------------------------|--|--|-----------------------------------|---------------------------------|
| 1. Goods consigned from (exporter's business name, address, country)  |                                  |  | Reference No.  |                                   |                                 |
| 2. Goods consigned to (consignee's name, address, country)  |                                  |  | <p align="center"><b>Generalized System of Preferences</b></p> <p align="center"><b>Certificate of Origin</b></p> <p align="center">(Combined declaration and certificate)</p> <p align="center"><b>Form A</b></p> <p>Issued in.....</p> <p align="center">(country)</p> <p align="right">See the instructions that follow.</p>  |                                   |                                 |
| 3. Means of transport and route (as far as known)   |                                  |  |  |                                   |                                 |
| 4. For official use   |                                  |  |  |                                   |                                 |
| 5. Item number  | 6. Marks and numbers of packages | 7. Number and kind of packages: description of goods | 8. Origin criterion (See the instructions that follow.)  | 9. Gross weight or other quantity | 10. Number and date of invoices |
| <p>11. Certification</p> <p>It is hereby certified, on the basis of control carried out, that the declaration by the exporter is correct.</p> <p>.....</p> <p>Place and date, signature and stamp of certifying authority</p> |                                  |  | <p>12. Declaration by the exporter</p> <p>The undersigned hereby declares that the above details and statements are correct: that all the goods were produced in</p> <p align="center">.....</p> <p align="center">(country)</p> <p>And that they comply with the origin requirements specified for those goods in the Generalized System of Preferences for goods exported to</p> <p align="center">.....</p> <p align="center">(importing country)</p> <p>.....</p> <p>Place and date, signature of authorized signatory</p> |                                   |                                 |

## Instructions on the Completion of Form A – *Certificate of Origin*

### General Preferential Tariff (GPT)

If the 60% ex-factory price is not satisfied, or is not supported by adequate documentation, the goods are not eligible for the GPT and a Form A should not be issued for such goods.

### Least Developed Country Tariff (LDCT)

If the 40% ex-factory price is not satisfied, or is not supported by adequate documentation, the goods are not eligible for the LDCT and a Form A should not be issued for such goods.

In order for a Form A to be accepted by the CBSA, it must be properly completed, as follows:

**Field No. 1** – Complete with the name, address, and country of the actual manufacturer or exporter of the goods. Please do not identify a trading house, freight forwarder, export broker, etc. The manufacturer or exporter must be located in the GPT or LDCT beneficiary country in which the goods are being certified.

**Field No. 2** – Identify the consignee (name and address) in Canada.

**Field No. 3** – The CBSA does not consider this a mandatory field, but you may indicate the shipping details, as far as known when Form A is completed.

**Field No. 4** – This field is usually left blank. However, if Form A is issued after the goods have already been shipped, stamp or write “Issued Retrospectively.”

**Field No. 5** – This field is not mandatory for goods exported to Canada. It is usually used to itemize goods if Form A covers two or more categories of goods (for example, items 1, 2, 3 or items a, b, c).

**Field No. 6** – If the goods are crated or otherwise packaged, indicate the quantity of packages or crates. Also indicate any markings on the crates that will be useful in cross-referencing Form A to the Through Bill of Lading so that the CBSA officers can establish that the form covers the goods that are physically imported.

**Field No. 7** – Describe the goods fully. Indicate makes, models, styles, serial numbers, or any other relevant description. It is in the exporter’s interest to give as full a description as possible. The CBSA will not accept a Form A that cannot be matched with the imported goods due to a vague description. It is also helpful to show the Harmonized System subheading of the goods in this field.

**Field No. 8** – The origin criterion shown must be one of the following:

**P** means 100% of the goods produced in the GPT or LDCT beneficiary country in question;

**F** for GPT, means, at least 60% of the ex-factory price is produced in the GPT beneficiary country;

**F** for LDCT, means, at least 40% of the ex-factory price is produced in the LDCT beneficiary country. The existing 40% of the ex-factory price of the goods as packed for shipment to Canada may also include a value of up to 20% of the ex-factory price of the goods from countries set out in Schedule 2 of the Regulations;

**G** for GPT, means at least 60% of the ex-factory price was cumulatively produced in more than one GPT beneficiary country or Canada;

**G** for LDCT, means at least 40% of the ex-factory price was cumulatively produced in more than one LDCT beneficiary country or Canada. The existing 40% of the ex-factory price of the goods as packed for shipment to Canada may also include a value of up to 20% of the ex-factory price of the goods from countries set out in Schedule 2 of the Regulations.

If any criterion other than P, G, or F is shown for goods exported to Canada, it will be assumed that the goods do not satisfy the Canadian GPT or LDCT rules of origin and they will not receive any tariff preference.

**Field No. 9** – Give the weight or other quantity of the goods. The best unit of measure to use when completing this field is the unit of measure given for the particular goods in the [Customs Tariff](#) (e.g. number, pairs, dozens, kilograms, litres).

**Field No. 10** – Cross-reference Form A to the commercial invoice. This helps the CBSA match the form with the invoice, but it also ensures that the signing officer has verified the ex-factory price of the proper goods.

**Field No. 11** – This field may be left blank. As of March 1, 1996, Canada no longer requires Form A to be certified by a designated authority in the GPT or LDCT beneficiary country.

**Field No. 12** – This is the exporter's declaration that Form A is accurate and that the goods do meet the GPT or LDCT rules of origin. Proof of origin must be completed by the exporter of the goods in the GPT or LDCT beneficiary country in which the goods were finished. The individual completing the Form A on behalf of the company must be knowledgeable regarding the origin of the goods and have access to cost of production information, should a verification be requested.

## Appendix B

### Exporter's Statement of Origin

I certify that the goods described in this invoice or in the attached invoice No. \_\_\_\_\_ were produced in the beneficiary country of \_\_\_\_\_ and that at least \_\_\_\_\_ % of the ex-factory price of the goods originates in the beneficiary country/countries of \_\_\_\_\_.

\_\_\_\_\_  
Name and title

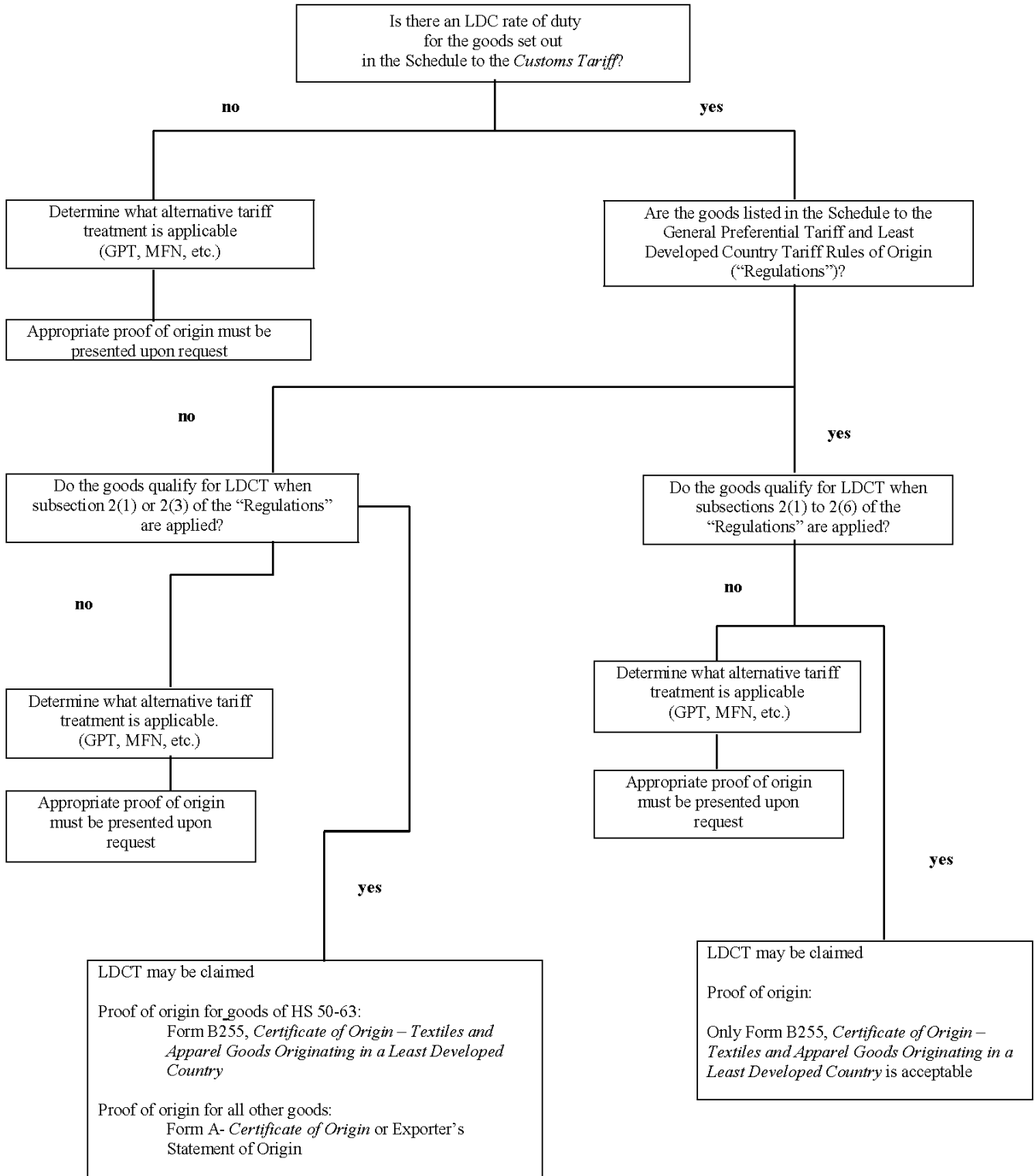
\_\_\_\_\_  
Corporation name and address

\_\_\_\_\_  
Telephone and fax numbers

\_\_\_\_\_  
Signature and date (day/month/year)

Appendix C

Chart 1 – LDC Tariff Treatment and Proof of Origin Requirements



| <b>References</b>              |  |
|--------------------------------|--|
| <b>Issuing Office</b>          | Trade and Anti-dumping Programs Directorate  |
| <b>Headquarters File</b>       | 4570-3, 4573-2   |
| <b>Legislative References</b>  | <a href="#"><i>Customs Act</i></a><br><a href="#"><i>Customs Tariff</i></a><br><a href="#"><i>General Preferential Tariff and Least Developed Country</i></a><br><a href="#"><i>Tariff Rules of Origin Regulations</i></a><br><a href="#"><i>Proof of Origin of Imported Goods Regulations</i></a><br><a href="#"><i>Determination of Country of Origin for the Purpose of</i></a><br><a href="#"><i>Marking Goods (Non-NAFTA Countries) Regulations</i></a> |
| <b>Other References</b>        | <a href="#">D6-2-3</a> , <a href="#">D10-15-13</a> , <a href="#">D11-3-1</a> , <a href="#">D11-4-2</a> , <a href="#">D11-4-9</a> , <a href="#">D11-4-10</a> , <a href="#">D11-4-28</a> , <a href="#">D17-1-10</a>  |
| <b>Superseded Memorandum D</b> | D11-4-4 dated May 27, 2008   |