

Take the right Route

News and Views for the clients of Universal Logistics • Winter 2002

Are you ready for AMPS?

Don't wait any longer to get the full story on the implications of the Administrative Monetary Penalty System (AMPS) for both importers and exporters. The key change is a much more diligent approach to enforcement by the Canada Customs and Revenue Agency (CCRA) with potentially severe penalties for even a single infraction.

See where you stand by reading through our Q&As, or call our Consulting Department to request one-on-one assistance.

When the grace period for AMPS penalties expires, will the CCRA issue retroactive penalties?

No, AMPS penalties will not be retroactive for infractions that occurred prior to, or during, the grace period. However, prior rulings, court decisions, etc., respecting tariff classification, value for duty, and origin are still valid, and will be used by the CCRA to determine your awareness of compliance requirements.

Does AMPS apply to duty free goods?

AMPS will affect all imports and exports, whether the goods are duty free or not.

How will I know if I get a penalty?

You will receive a Notice of Penalty Assessment (NPA) from the CCRA. Since the NPA is issued to the importer only, you must provide

a copy to our office as soon as possible to ensure that any correction can be requested within the appeal time limit.

How much are the penalties?

They are significant. For example, the penalties for claiming duty free status on goods of U.S. origin without a valid NAFTA Certificate are: 1st infraction - \$1,000.00; 2nd infraction - \$5,000.00; 3rd infraction - \$10,000.00; Subsequent infractions - \$25,000.00.

How long do I have to pay a penalty?

Penalties must be paid in full within 30 days (interest free). Thereafter, interest will accumulate and the CCRA will initiate collection.

Can a penalty be appealed?

Yes, penalties may be appealed within 90 days of issuance. Payment of penalties being appealed may be withheld, pending the outcome of the appeal.

Can I obtain relief from penalty assessments?

Yes, the Penalty Relief Agreement (PRA) provides partial to full relief from penalty assessments for multiple infractions. PRAs set out the nature of the identified problem, what will be done to correct the matter, the time frame required for correction, and the post-correction validation criteria.

Test your readiness for AMPS by doing a walkthrough of your internal systems. Track an import shipment from purchase order to vendor payment and review each document for accuracy. The key is to ensure the required information is not only accessible, but also correct.

If corrective action is required, take the appropriate steps now, because investing in compliance is always better than paying for non-compliance.

For more information, please contact Brian Rowe, General Manager - Customs and Consulting (Telephone: 905-882-4880, Email: browe@universallogistics.ca)



When airfreight shipments from Paris, France, were disrupted in December, 2001, by an air controllers strike, we issued a Trade Alert – just one of eleven posted on the Home Page of our web site since September, 2001.

We're alert!

Every time you visit our web site (www.universallogistics.ca) there is a chance you will see something entirely new "crawling" across the top of our Home Page. That's because we now post a *message crawl*, called a **Trade Alert**, whenever there is breaking news with major trade implications.

Since September, 2001, we have posted no fewer than 11 **Trade Alerts** – proof positive that there is a need for this service. Check out the archive of past **Trade Alerts** by going to the **News** tab on our Home Page and then clicking on **Trade Alerts**.

We will continue to communicate by letter or fax when time permits, but when there is fast breaking news with important trade implications, you can expect to see a **Trade Alert** – just one of the value added services available exclusively from Universal Logistics.

In this issue...

Page 1

- * Are you ready for AMPS?
- * We're alert!

Page 2

* Industry Roundup

- H.S. Code mandatory by May
- EDC relieves the GST
- Provide NAFTA Certificates
- Canada – Costa Rica Free Trade Agreement approved

- * Crossword answers and winners
- * **At Your Service** - Kitt Jacques, Manager - Administration

Industry Roundup

H.S. Code mandatory by May

On May 1, 2002, the correct 10-digit Harmonized System (HS) Tariff Classification code will be mandatory for the customs release of certain commercial shipments into Canada valued at CAN \$1,600 or more.

Where more than one commodity is included in a shipment, the HS Tariff must reflect either:

- (a) the highest value invoice line of the shipment, or
- (b) a reasonable representation of the goods within the shipment.

The term "reasonable representation" is defined by Customs as a commodity line that reflects the true nature of the goods contained in the shipment.

Universal Logistics will do the appropriate research to apply the HS Tariff at time of

release. To avoid unnecessary delays, importers are encouraged to provide complete and accurate documentation prior to shipment arrival.

Ensure that import invoices quote descriptions of commodities, as well as the 10-digit HS Tariff for each line item, where possible.

An incorrect 10-digit HS Tariff can lead to warnings and penalty actions under the Administrative Monetary Penalty System (AMPS).

EDC relieves the GST

Does your business have an annual export revenue percentage of 90% or more? Do you perform only limited processing to your goods? Are the goods you export manufactured or produced by someone else?

You may qualify for The Export Distribution Centre (EDC) program. It allows eligible

businesses to import, tax-free, inventory for resale and parts consumed in processing.

See if you qualify by contacting Brian Rowe
(Telephone: 905-882-4880,
Email: browe@universallogistics.ca)

Have you sent in your NAFTA Certificates?

Thank you to everyone who has provided 2002 NAFTA Certificates to our office.

If you have not already forwarded your certificates, please do so as soon as possible to ensure goods originating in the USA or Mexico are not subject to duty or penalty.

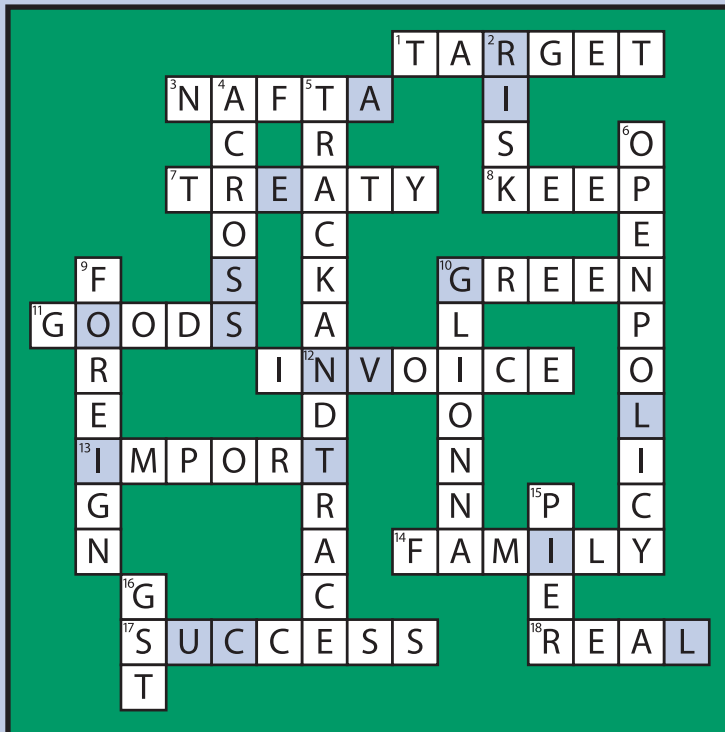
Canada - Costa Rica Free Trade Agreement approved

The Canada-Costa Rica Free Trade Agreement (CCRFTA) has received Royal Assent. The agreement will begin in mid-2002, when Costa-Rica completes its legislative process.

Crossword answers and winners

Congratulations to the winners of our Crossword Challenge: Tanya Hoffmann, Fosco Canada Inc.; Marie Brescacin, Francesca D'Souza, General Publishing Co. Ltd.; Sophie Goodwin, Nancy Annan, Coretec Inc.

The need to cover the trade implications of the 9/11 terrorist attack forced us to delay the release of the results until now. We appreciate your patience and thank everyone who participated in the challenge.



UNIVERSAL LOGISTICS

At Your Service

Our popular *Client Care* program is made possible by the continuing efforts and dedication of people like Kitt Jacques, a seven-year employee of Universal Logistics who currently holds the title Manager – Administration. Kitt also manages our web site, just one of the new, value added services we have introduced in recent years.



Kitt Jacques
Manager-Administration



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For more information on the company's services, contact:

Universal Logistics Inc.,
175 Commerce Valley Drive West,
Suite 300, Markham, Ontario L3T 7P6
Telephone: 905-882-4880 Fax: 905-882-2250
www.universallogistics.ca

