

ATA CARNET REFERENCE MANUAL



THE CANADIAN CHAMBER OF COMMERCE
LA CHAMBRE DE COMMERCE DU CANADA





This reference manual is designed to assist you in successfully using your ATA Carnet to temporarily import goods into 75 countries worldwide. Questions are answered and advice is provided on common situations that arise while using a Carnet, identifying potential pitfalls and guiding you on how to avoid them.

Unfortunately, we are not able to anticipate every possible situation or provide detailed information covering all contingencies.

Since rules and regulations vary from country to country, use the information supplied in this manual and on the Canadian Chamber of Commerce's website as a general guide only. In unusual circumstances, or if in doubt, Carnet holders are advised to communicate directly with respective customs authorities prior to temporarily importing goods on a Carnet.

Questions may be addressed to your regional Carnet Services representative or you may contact Carnet Headquarters at the following coordinates:

420-360 Albert Street, Ottawa, ON K1R 7X7
Tel.: 613.238.4000 | Toll-free: 1.800.661.2930
Fax: 613.238.7643 | Email: carnet@chamber.ca
Chamber.ca/carnet

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SECTION 1: ALL ABOUT CARNETS

THE CARNET SYSTEM

Carnets came into use when the Customs Convention on the ATA Carnet for the Temporary Admission of Goods was established by the World Customs Organization (WCO) in 1961. ATA is a French and English acronym of 'Admission Temporaire/Temporary Admission.

Today, Carnets are issued and guaranteed by national organizations covering 75 countries worldwide. Customs authorities in these countries accept the Carnet as a guarantee that all duties and taxes will be paid if acceptable proof of timely re-exportation cannot be provided.

In Canada, the national guaranteeing organization is the Canadian Chamber of Commerce.

WHAT IS A CARNET AND WHAT ARE ITS BENEFITS?

A Carnet is an internationally-recognized customs document that replaces most customs documentation for the temporary importation of goods into foreign countries that are part of the Carnet System.

- Carnets permit the duty-free and tax-free temporary importation of goods into foreign countries for up to one year.
- Carnets are stamped at the entry and exit points of each country visited. A record of the items brought in and taken out is retained by customs officials. You only need the *one document* for temporary importations; there is no need for additional paperwork during the course of a full year!

Exceptions: Goods requiring import or export permits, such as controlled and/or dangerous goods.

- Carnets allow customs arrangements to be made *before departure from Canada* for multiple trips to several countries at a pre-determined cost.
- Carnets allow prepayment in Canadian dollars. *There is no need to carry foreign currency.*

- Carnets eliminate the need to post a temporary importation bond (TIB) at *every port* and to arrange for its cancellation on exit.
- Carnets reduce language barriers as most of the paperwork is completed in English once at the beginning of the travel year.
- Carnets cover virtually all goods.

Exceptions: Consumables or disposable items and goods for repair and/or processing.

- Carnets facilitate re-entry into Canada by providing proof to customs that the goods originated from Canada.

GOODS YOU CAN CARRY ON A CARNET

Goods temporarily imported on a Carnet must qualify under one of three categories:

- 1 - Commercial samples (CS)
- 2 - Professional equipment (PE)
- 3 - Goods for presentation or use at trade fairs, shows, exhibitions or similar events (EF)

Carnets are used by sales people and manufacturers so they can bring their wares – everything from jewelry and clothing to high tech equipment – into foreign countries to show as commercial samples to potential customers or display at trade fairs and exhibitions.

Canadian entertainers and the media use Carnets to take their professional equipment – everything from theatrical effects and sets to film – in and out of foreign countries. Sports teams and service companies also use Carnets for this reason.

Almost all goods can be listed on a Carnet.

Exceptions: Items that will be used in the importing country, such as brochures and other promotional material; consumables, like food and paint; and goods being repaired, processed or leased.

In summary, all items on a Carnet must leave the foreign country in the same condition in which they entered.

COUNTRIES ACCEPTING CARNETS

Carnets are recognized in 75 countries worldwide. In addition, Canada entered into a bilateral agreement with Taiwan. A separate Carnet specific for travel to Taiwan is required. The standard rules and regulations apply.

Carnet Countries		
Albania	Iceland	New Zealand
Algeria	India	Norway
Andorra	Iran	Pakistan
Australia	Ireland*	Poland*
Austria*	Israel	Portugal*
Bahrain (Kingdom of)	Italy*	Romania*
Belarus	Ivory Coast	Russia
Belgium*	Japan	Senegal
Bosnia and Herzegovina	Korea	Serbia
Brazil	Latvia*	Singapore
Bulgaria*	Lebanon	Slovak Republic*
Canada	Lithuania*	Slovenia
Chile	Luxembourg*	South Africa
China	Macao	Spain
Croatia	Macedonia	Sri Lanka
Cyprus*	Madagascar	Sweden
Czech Republic*	Malaysia	Switzerland
Denmark*	Malta*	Taiwan
Estonia*	Mauritius	Thailand
Finland*	Mexico	Tunisia
France*	Moldova	Turkey
Germany*	Mongolia	Ukraine
Gibraltar	Montenegro	United Arab Emirates
Greece*	Morocco	United Kingdom*
Hong Kong	Netherlands*	United States
Hungary*		

* Countries forming part of the European Union (E.U.)

More countries are expected to join the Carnet system in the near future. Check the Canadian Chamber of Commerce's website at www.chamber.ca/carnet for a current listing. It is also important to check the specific country advisories prior to any travels.

SECTION 2: THE CARNET APPLICATION PROCESS

There are four components to the Carnet Application Process:

- 1 - Filling out a Carnet Application Form
- 2 - Completing the General List
- 3 - Arranging for a Security Guarantee
- 4 - Payment of an Administration Fee

1 - FILLING OUT THE CARNET APPLICATION FORM

To obtain a Carnet Application Form, download a copy from the Canadian Chamber of Commerce Carnet's website at www.chamber.ca/carnet or contact one of the Carnet Services representatives.

Carefully read and complete all sections of the application. The form contains a declaration stating applicants accept liability for goods not returned to Canada and unconditional liability to reimburse all payments made by the Canadian Chamber of Commerce to customs authorities, should a valid claim be filed.

Carnet Holder (corporate or individual)

The holder is the corporation, partnership or individual on whose behalf the Carnet is issued. The application should be signed by a duly authorized official of the company or by an individual as the legal holder.

If a customs broker, freight forwarder or agent is assuming responsibility for the Carnet application process and acting as holder on behalf of a corporation or individual, a Power of Attorney must accompany the application – refer to the last page of the Carnet Application form.

Authorized Representatives

Authorized representatives include individuals or agents in Canada and abroad, such as a company representative or a foreign agent, who accept responsibility for the shipment through all or part of its travel.

Since only persons or organizations listed as authorized representatives are permitted to clear the Carnet through customs, include anyone who may handle the Carnet at anytime. If you require additional space, list your representatives on a separate sheet and attach it to the Carnet application.

Destination and Use of the Carnet

Specify whether the Carnet is to be used for the temporary importation of commercial samples (CS), professional equipment (PE) or goods to show at exhibitions and fairs (EF). The category of your merchandise determines which countries will accept your Carnet.

Check the advisories under Carnet countries on the Canadian Chamber of Commerce's website at www.chamber.ca/carnet.

Number of Trips

Specify the number of trips planned to ensure sufficient sheets to enter and exit each country are supplied.

2 - COMPLETING THE GENERAL LIST

The General List is an itemized list of all goods covered by the Carnet. Careful completion of this form is essential to ensure entry and exit from foreign countries with minimum time and trouble.

Each item must be accurately described and accompanied by a stated value. Be sure to include serial/model numbers whenever available. If your General List exceeds one page, use Continuation Sheets.

Upon receipt of the Carnet, the holder or a designated representative must sign the original General List page in the space marked Holder's Signature.

Only typed lists will be accepted! To download the template, go to www.chamber.ca/carnet. Your list should be submitted electronically in Excel for ease of editing.

Sample General List

Item No.	Trade Description of Goods, Marks and Numbers, If Any	No. of Pieces	Weight and Volume	Value	Country of Origin	For Customs Use
1	2	3	4	5	6	7
TOTAL CARRIED OVER						
1	Digital audio tape recorder; EAC model RD-101T; s/n 712346	1	15 lbs	\$1,500	JP	
2	3M audio cassette tapes, DC-20	40	3 lbs	\$360	US	
3	Armani black woolen double breasted jacket, style 2307	4	7 lbs	\$300	IT	
4	5 pairs brown suede tie shoes	10	8 lbs	\$500	US	
5	16 inch Mikimoto pearl (1mm) necklace w/diamond clasp	1	12 oz	\$965	JP	
6	Toshiba laptop computer, model# T45289, s/n 123456	1	6 lbs	\$4,090	JP	
7	Remote Optical Scan Square R987	1	8 kg	\$700	DE	
TOTAL or CARRIED OVER		58		\$8,415		
General List includes <u>7 items</u> on <u>1 page</u>. NO ADDITIONS BELOW AND/OR DELETIONS ABOVE ARE PERMITTED.						

Column 1 - Item No.:

- Number each item consecutively (items of the same description may be grouped together)
- Indicate the total number of items at the bottom of the page.

Column 2 - Trade Description of Goods and Marks and Numbers:

- Provide a precise description of the merchandise.
- Include relevant manufacturers' names, serial numbers, model numbers, fabric content, color, etc.
- Be specific to avoid problems as customs has the right to refuse the entry of goods that are not easily identifiable from their descriptions on the General List.

Reminder: Do not include disposable items, consumables or goods intended for repair or processing. Only include goods to be re-exported.

Column 3 - Number of Pieces:

- Indicate the quantity of each item.
- Total the column at the bottom of the page.

Column 4 - Weight or Volume:

- Indicate the total weight or volume of each item, including the correct unit of measure; e.g., pounds, ounces, kilograms. (If the exact weight or volume is unknown, leave it blank.)

Example: A quantity of three pieces each weighing five pounds would be listed at a total weight of 15 pounds.

Column 5 - Value:

- State items' value in Canadian currency.
- Value is usually defined as the replacement or insured value but retail value is also accepted.
- Do not overstate or understate the value of your merchandise.

IMPORTANT - If the goods become subject to duties and taxes due to the improper use of a Carnet, or if the goods are lost, stolen or sold, the value quoted on the Carnet will be used to calculate the amount owing regardless whether the goods' true value is higher or lower at the time duties and taxes are levied.

- List demonstration devices not intended for retail sale at cost.
- Indicate the total value for each line.

Example: A quantity of three pieces with a value of \$500 each should be listed at a total value of \$1,500.

- Total the column at the bottom of the page.

Column 6 - Country of Origin:

- Indicate the country of origin of the goods; i.e. the country in which the goods were originally manufactured.
- Refer to page 1 of the Carnet application form for the country codes.

IMPORTANT - Once a Carnet has been processed, no modifications of any kind may be made to the General List.

3 - ARRANGING FOR A SECURITY GUARANTEE

When importing goods on a Carnet, foreign customs are guaranteed that duties and taxes will be paid should the goods not be re-exported.

The Canadian Chamber of Commerce, as the guaranteeing association in Canada, is responsible for ensuring payment of valid claims. The security acts as collateral and will be drawn upon to reimburse the CCC in the event duties and taxes are owed.

A security guarantee of 40% of the value of the goods must accompany the Carnet Application. Options for providing the security are cash, certified cheque, money order, credit card, electronic funds transfer or surety bond.

The bond (single or blanket) can be issued through the ATA Carnet Bond Program or by a licensed Canadian surety company acceptable to the Canadian Chamber of Commerce. All bonds must be issued using the standard wording and format specified on the sample bond forms. Downloadable forms are available at www.chamber.ca/carnet.

When using single bonds, one should be purchased for each requested Carnet.

A minimum security of \$250 is required; this may vary depending on planned trips.

Your security will be conditionally released after you return the Carnet (complete with all used and unused counterfoils and vouchers), and Carnet Services is satisfied it has been properly validated.

If the Carnet has not been properly validated, the security can be held until the claim period is over (one year from the Carnet's expiration date) or until all claims are settled.

Bond Options

Carnet Bond (Single Bond): provides the security guarantee for a single Carnet. The bond is cancelled when Carnet Services conditionally closes the Carnet file. The minimum value for a bond is \$1,000. Single bond are not transferable.

Carnet Blanket Bond: provides the security guarantee for all the Carnets you require in a one-year period. With a Blanket Bond, you do not need to purchase a new bond every time you request a new Carnet. Depending on your Carnet usage, a Blanket Bond could save you time and money in the long term.

Note: A bond does not constitute travel insurance for the goods.

How a Carnet Blanket Bond Works

Carnet Issued	Carnet Closed	40% Security Required upon Issuance	40% Security Reinstated on Closing	Bond Balance (Available for other Carnets)
\$20,000 blanket issued on Feb. 14, 2008				\$20,000
Carnet 1 (issued 08.02.14)	——	\$10,000	——	\$10,000
Carnet 2 (issued 08.07.12)	——	\$5,000	——	\$5,000
——	Carnet 2 (reviewed 08.06.26)	——	\$5,000	\$10,000
Carnet 3 (issued 08.09.23)	——	\$9,000	——	\$1,000
——	Carnet 1 (reviewed 08.12.10)	——	\$10,000	\$11,000
——	Carnet 3 (reviewed 08.12.29)	——	\$9,000	\$20,000

Example: Using a \$20,000 Carnet Blanket Bond for three Carnets over a one-year period.

Carnet 1: used for 9.5 months

Carnet 2: used for two weeks

Carnet 3: used for three months

- Purchasing Carnet bonds for each of the three Carnets would cost: \$900 (3 x \$300 each).
- Purchasing a Carnet blanket bond for the three Carnets used in the example would have amounted to \$300; a saving of \$600.

ATA Carnet Bond Program

- The ATA Carnet Bond Program was implemented with Aon Reed Stenhouse as a client benefit at a substantially reduced rate.
- Applications can be submitted online at <https://secure.trisura.com/ccc/login.aspx>
- Up to a limit of \$75,000 for companies and \$25,000 for individuals, the bonds can be obtained directly from your Carnet Services representative.
- For higher value bonds, contact an Aon commercial surety representative at:
Aon Reed Stenhouse Ltd., 20 Bay Street, Toronto, ON M5J 2N9
Tel: 416.868.5545 | Fax: 416.868.5680

4 - CARNET ADMINISTRATION FEE

The Carnet administration fee is determined by the merchandise's value, number of countries you will visit and total trips to be taken. A discounted fee is offered to members of the Canadian Chamber of Commerce.

Allow five working days from the time your application reaches Carnet Services for processing. Both rush processing—three business days (72 hours)—and same day service—within six business hours—are available for a surcharge.

For fee schedule, refer to the Carnet Application form downloadable at www.chamber.ca/carnet.

SECTION 3: USING THE CARNET

HOW TO USE A CARNET EFFECTIVELY

To properly use an ATA Carnet, it is important to understand how it is packaged and its terminology.

A Carnet consists of a green front and back cover, in between which are yellow and white pages (as well as blue sheets for transits, if required) called counterfoils and vouchers.

At each customs entry and exit point, officials validate the Carnet. The counterfoils stay in the Carnet as a record of the trips taken (numbers in; numbers out), and the vouchers are kept by customs for its records. The yellow forms are intended for use by Canadian customs while the white ones are to be presented to foreign authorities. The counterfoils and vouchers are to be used sequentially.

Sample Trips

Carnet # 1: Visiting Japan		
Country	Counterfoil / Voucher Name	Counterfoil / Voucher No.
Exiting Canada	Exportation (yellow)	1
Entering Japan	Importation (white)	1
Exiting Japan	Re-exportation (white)	1
Returning to Canada	Re-importation (yellow)	1

Carnet # 2: Visiting United States, New Zealand, Australia		
Country	Counterfoil / Voucher Name	Counterfoil / Voucher No.
Exiting Canada	Exportation (yellow)	1
Entering U.S.	Importation (white)	1
Exiting U.S.	Re-exportation (white)	1
Entering New Zealand	Importation (white)	2
Exiting New Zealand	Re-exportation (white)	2
Entering Australia	Importation (white)	3
Exiting Australia	Re-exportation (white)	3
Returning to Canada	Re-importation (yellow)	1

STEPS INVOLVED IN USING THE CARNET EFFECTIVELY

On Receipt of the Carnet

- Confirm all information is correct (Carnet holder name, names of representatives who will be handling the Carnet, description of goods on the General List, etc.)
- Check that a copy of the General List and any continuation sheets, stamped with the Canadian Chamber of Commerce's crest, are provided with the Carnet. Use these sheets to make photocopies to attach to the vouchers, if necessary.
- Ensure you have sufficient counterfoils and vouchers for the number of trips planned.
- Sign the front green cover in the lower right-hand box, where indicated 'Signature of Holder'.

Exiting Canada (an 'Exportation')

- Staple a photocopy of the General List onto the back of the yellow voucher, if it has not been typed on it.
- Strike out any items you are not taking at this time. **ONLY** do this on the list typed on the voucher or photocopy attached. **NEVER** amend the General List on the back of the green front cover.
- Complete sections A-F of the yellow exportation voucher, then date and sign below the shaded box.
- Be sure to have the front green cover validated by Canadian customs on your first trip.

IMPORTANT - Failure to have the Carnet's front green cover properly validated by Canadian customs prior to the first time the goods exit Canada may result in its rejection by foreign authorities.

Validation can be done in advance or on your first trip as long as sufficient time is allowed.

Although customs may choose not to examine your goods, all items listed on the General list must be available for inspection, if requested.

- Present the Carnet for validation of the yellow exportation counterfoil and voucher by Canadian customs. Customs will detach and retain the voucher for its records.
- Check to confirm that customs has accurately listed your item numbers on the yellow exportation counterfoil. Item numbers should match those on the corresponding voucher.

Entering a Foreign Country (an 'Importation')

- Staple a photocopy of the General List onto the back of the white voucher, if it has not been typed on it.
- Strike out any items you are not taking at this time. **ONLY** do this on the list typed on the voucher or photocopy attached. **NEVER** amend the General List on the back of the green front cover.
- Complete sections A-F of the white importation voucher, then date and sign below the shaded box.
- Present the Carnet for validation of the white importation counterfoil and voucher by foreign customs. Customs will detach and retain the voucher for its records.
- Check to confirm that customs has accurately listed your item numbers on the white importation counterfoil. Item numbers should match those on the corresponding voucher.

Exiting a Foreign Country (a 'Re-exportation')

- Staple a photocopy of the General List onto the back of the white voucher, if it has not been typed on it.
- Strike out any items you are not taking at this time. **ONLY** do this on the list typed on the voucher or photocopy attached. **NEVER** amend the General List on the back of the green front cover.
- Complete sections A-F of the white re-exportation voucher, then date and sign below the shaded box.
- Present the Carnet for validation of the white re-exportation counterfoil and voucher by foreign customs. Customs will detach and retain the voucher for its records to compare later with the corresponding importation voucher.
- Check to confirm that foreign customs has accurately listed your item numbers on the white re-exportation counterfoil. Item numbers should match those on the corresponding voucher. You **MUST** account for all items that entered the foreign country.

IMPORTANT – If customs indicated a ‘Final Date for Re-exportation’ at No. 2 on the importation counterfoil, be sure your goods exit the country by midnight on the specified day.

In the E.U., the ‘Final Date for Re-exportation’ means from the entire European Union, not simply from the country of importation.

Every time you exit a country, verify that the item numbers are accurately recorded on the voucher and counterfoil. Make sure the goods identified as leaving the country on your re-exportation counterfoil match those identified as having entered the country on your importation counterfoil.

Returning to Canada (a ‘Re-importation’)

- Staple a photocopy of the General List onto the back of the yellow voucher, if it has not been typed on it.
- Strike out any items you are not taking at this time. **ONLY** do this on the list typed on the voucher or photocopy attached. **NEVER** amend the General List on the back of the green front cover.
- Complete sections A-F of the yellow re-importation voucher, then date and sign below the shaded box.
- Present the Carnet for validation of the yellow re-importation counterfoil and voucher by Canadian customs. Customs will detach and retain the voucher for its records. You must account for all goods that left Canada.
- Check to confirm that customs has accurately listed your item numbers on the yellow re-importation counterfoil. Item numbers should match those on the corresponding voucher.

IMPORTANT – Validating your Carnet with Canadian customs on your return to Canada is a critical step.

The re-importation counterfoil provides proof that the goods have returned to Canada. If at any time your Carnet was improperly validated, or you experienced difficulties at foreign customs, the validated re-importation counterfoil could be used to settle a foreign claim.

Transiting

Transit sheets are the blue counterfoils and vouchers used when you are passing through one country to access another.

Example: If you are passing through Australia from India en route to New Zealand, Australian customs may wish to validate your transit counterfoil and voucher.

Note: Instead of validating the transit counterfoil and voucher, some foreign customs will validate a white importation counterfoil and voucher upon entry. If this occurs, be sure to have foreign customs validate the white re-exportation counterfoil and voucher upon departure. The United States often handles transit shipments in this manner.

Split Shipments

Not all items need to be taken on every trip. You are permitted to delete items from individual trips by crossing them off the list on the reverse of the vouchers (NOT the green cover or green sheets attached), as long as you ensure this is accurately documented on the corresponding counterfoils by customs authorities.

IMPORTANT – Customs authorities must always indicate the item numbers with which you are travelling. Reference to the ‘attached list’ is not acceptable.

Extra attention is needed on the part of holders and customs to ensure the proper number of items are noted on counterfoils and vouchers for goods entering/exiting in a piecemeal fashion.

Example: Split Shipments	
Exiting Canada (Exportation #1)	Items 1, 10-15, 20, 25-100
Entering Foreign Country (Importation #1)	Items 1, 10-15, 20, 25-100
Exiting Foreign Country (Re-exportation #1)	Items 1, 20, 50-100
Returning to Canada (Re-importation #1)	Items 1, 20, 50-100
Exiting Canada (Exportation #2)	N/A
Entering Foreign Country (Importation #2)	N/A
Exiting foreign Country (Re-exportation #2)	Items, 10-15, 25-49
Returning to Canada (Re-importation #2)	Items, 10-15, 25-49

TRAVELLING WITHIN THE EUROPEAN UNION (E.U.)

The E.U. is considered a single customs territory. You will require one white importation counterfoil and voucher when entering the E.U. and one white re-exportation counterfoil and voucher when leaving the E.U.

Although it is usually not necessary to have your Carnet validated when travelling from country to country within the European Union, some customs officials may request it be presented for the validation of the blue transit sheets.

IMPORTANT - Since European Union customs authorities may be unavailable or unwilling to validate Carnets for goods moving between E.U. member countries, be sure to insist that a customs official validates the white re-exportation counterfoil and voucher prior to departing from your final E.U. country. **DO NOT** skip this step.

E.U. member states are listed on page 5.

POINTS TO REMEMBER

- It is your responsibility to locate a customs inspector to validate the Carnet. When travelling during non-business hours, call the local customs authorities to ensure an inspector will be available. Arrive early to clear your Carnet through customs.

Note: A charge may apply for outside business hours validation.

- Not all items need to be shipped on every trip. For partial shipments, strike out the items not going on the back of the relevant vouchers. **NEVER** amend the General List on the Carnet green cover. Make sure customs authorities accurately identify which goods are entering and exiting the country on the appropriate counterfoils.

IMPORTANT - It is strongly recommended that Carnet holders verify that customs did not inadvertently list goods not being shipped or imported.

- You do not need to travel with the goods. Options include clearing the merchandise through Canadian customs and sending it on ahead. The goods can be cleared through foreign customs on your arrival or by an authorized representative responsible for ensuring the Carnet is properly validated.
- Anyone listed as representative on your Carnet is able to clear the goods through customs. You may designate colleagues, customs brokers or other individuals. Carnets can be cleared through Canadian customs by one representative and through foreign customs by another, or by various representatives during the one-year validity period.

IMPORTANT – Authorized representatives must be identified as such on the front cover of the Carnet. If insufficient space, include the list of all representatives on your company’s letterhead, sign it and attach it to your Carnet. To limit financial loss, only use representatives familiar with the Carnet System.

- You can use different ports to enter and exit countries with your Carnet. Nonetheless, some countries restrict the number of ports authorized to validate Carnets. Check the countries’ advisories at www.chamber.ca/carnet.
- Carnet counterfoils and vouchers are numbered sequentially. Make sure the numbers on the entry and exit counterfoils and vouchers are consistent. Should customs validate the voucher but neglect to detach it, keep it with the Carnet.

See page 14 for sample trips.

- Your goods must exit the importing country (or E.U.) by midnight on the date indicated by foreign customs at No. 2 on your white importation counterfoil, if one is specified. This may differ from the Carnet’s expiration date so be sure to check it. If no date is indicated, the goods must exit the importing country by midnight on the Carnet’s expiry date, but to avoid difficulties re-entering Canada, you should allow enough time for the trip back.
- Carnet holders who do not receive proper validation on the re-exportation counterfoil(s), should expect to receive a foreign customs regularization fee ranging from \$50 to \$150 USD for each occurrence.

Note: This is providing Canadian proof of re-importation is available.

- For Carnets on which a valid claim is received, Carnet holders are subject to a maximum penalty of 10% of the total duties and taxes owed. This penalty is in addition to the duties and taxes.

Holders may also be charged a claims processing fee for excessive time spent defending valid claims.

SECTION 4: AVOIDING CLAIMS

WHAT IS A CLAIM?

A claim is a notice from foreign customs that a violation of the Carnet System may have occurred. A claim is filed when customs has reason to believe that your goods were not re-exported within the one-year validity of the Carnet or by the date assigned upon importation.

Foreign customs files a claim with the Canadian Chamber of Commerce (CCC) requesting that proof of re-exportation be provided. If unable to do so, the claimed duties/taxes/penalties must be paid.

Customs has one year following the Carnet's expiry to file a claim. Careful usage of the Carnet should prevent claims from arising.

Nuisance Claims

At times, a claim is filed by foreign customs even though the Carnet holder has had the Carnet properly validated. These are referred to as 'nuisance' claims.

Example: A nuisance claim may arise when the port of entry has not been notified by the port of exit that the goods were re-exported.

With the properly validated Carnet on file, the CCC can usually resolve nuisance claims without involving the Carnet holder. Problems arise when the Carnet has not been returned to the office of issue after use.

IMPORTANT – It is essential for the Carnet to be returned to the issuing office after use or upon expiry. If the Carnet has been lost or stolen, follow instructions provided on page 24.

Checklist to reduce delays at the border and to avoid claims

- ❑ Provide accurate descriptions of the merchandise on the General List. For information on how to properly complete this form, refer to pages 7 to 10.
- ❑ Use the Carnet in accordance with the specified 'intended use' at Section C on the Carnet's green cover; i.e. for commercial samples, professional equipment or for attendance at exhibitions and fairs. **Not all countries will allow the three categories of goods.** Check the country advisories at www.chamber.ca/carnet.
- ❑ Obtain customs validation upon entry and exit of all countries.
- ❑ Re-export the goods within the one-year validity period or by the date assigned by customs on importation. This appears at No. 2 on the importation counterfoil and may differ from the Carnet's expiry date. For example, customs may allow you to temporarily import the goods only for a matter of weeks, so be very careful to respect this date and re-export accordingly.
- ❑ Remember, when travelling in the E.U., the 'Final Date for Re-exportation' means from the entire European Union, not simply from the country of importation.
- ❑ Check the advisories of countries you will be visiting on the Canadian Chamber's website (www.chamber.ca/carnet) before leaving Canada. The advisories provide additional information on the customs practices and regulations of individual countries. Although every effort is made to ensure the advisories are up-to-date and comprehensive, you should also contact the relevant customs authorities for current and accurate information prior to your travels.
- ❑ On departing a foreign country, be sure customs properly validates the white re-exportation counterfoil and voucher. This provides proof the goods have exited the foreign country.

IMPORTANT – It is important for the item numbers to be listed. To simply indicate 'see attached list' is not acceptable.

- ❑ Be especially vigilant when travelling within the European Union. Ensure customs validates the white re-exportation counterfoil and voucher when you depart your final E.U. country. **INSIST ON IT.**
- ❑ Comply with each country's export and import regulations.
- ❑ Follow the guidelines in this manual when selling goods, transferring goods, destroying goods or dealing with lost or stolen merchandise and Carnets.

SELLING GOODS OFF THE CARNET

IMPORTANT – The function of a Carnet is to facilitate the temporary importation of merchandise into foreign countries for up to one year. Goods should not be sold.

Should you decide to sell items off the Carnet, you are responsible for ensuring that duties, taxes and any penalties owing are paid.

Goods donated are still subject to import duties and taxes. However, the duties and taxes may be lower depending on the individual country and the nature of the goods.

When selling or donating goods, there are two options for paying the duties and taxes:

Option 1 – Pay Foreign Customs Directly

Request permission from foreign customs to sell the goods and pay the duties and taxes directly.

Customs must confirm proof of payment by completing the appropriate re-exportation counterfoil of the Carnet, or providing an itemized receipt.

Whichever documentation is used must clearly indicate the:

- Carnet number
- Items on which duties and taxes were paid
- Value of items as quoted on the General List
- Amount of duties and taxes paid

IMPORTANT – Always pay duties and taxes on the values quoted on the Carnet. Paying on different values could lead customs to believe that the goods are also different from those listed on the General List. As a consequence, you could pay double duties and taxes if a claim is later filed and proof of payment is rejected.

The re-exportation counterfoil or receipt must be dated, signed and stamped by customs prior to the Carnet's expiry. If you are provided with a receipt, forward it to Carnet Services with the returned Carnet.

This is important documentation that you must submit to Carnet Services. Providing a copy of the invoice is NOT sufficient as it only shows that the goods were sold, not that the duties and taxes were paid.

Option 2 – Wait Until a Claim is Filed

Wait to be contacted by Carnet Services once a claim (if any) is registered by the country involved.

Note: Choosing this option could delay the release of your security for up to 30 months from the Carnet's date of issue. Customs could also demand that you pay a penalty in addition to the duties and taxes, plus interest.

ACTION TO TAKE IF YOUR CARNET IS LOST OR STOLEN IN A FOREIGN COUNTRY

If your Carnet is lost or stolen in a foreign country, there are two ways to ensure that re-exportation of your goods is properly documented. You may use the foreign customs documentation to register your re-exportation or request that a duplicate Carnet be issued.

Option 1 – Declare the Re-Exportation on the Foreign Country's Customs Documentation

If your Carnet will soon expire, or if the goods are scheduled to return directly to Canada, you may want to choose this option.

- Ensure all items carried on the Carnet are accurately listed and easily identifiable.
- Ensure their specified value agrees with the value quoted on the General List and that the Carnet number is referenced.
- Ensure the documentation is signed and stamped by foreign customs prior to the Carnet's expiry.

Once the documentation has been duly completed following these guidelines, send it to Carnet Services. It will be kept on file and easily accessible in event claims are filed and need to be defended on your behalf.

Option 2 – Contact Carnet Services for a Duplicate Carnet

This option is preferable if you plan to continue travelling with the goods.

The duplicate Carnet will be the same as the original with the identical General List and expiration date. The security on file will cover both Carnets, but an administration fee still applies.

IMPORTANT – It is especially important to have the re-importation counterfoil properly validated by Canadian customs, clearly indicating that all goods that left on the original Carnet have returned to Canada on the duplicate Carnet.

ACTION TO TAKE IF YOUR CARNET IS LOST OR STOLEN IN CANADA

If your Carnet is lost or stolen in Canada, or if your Carnet will soon expire and the goods are scheduled to return directly to Canada, you may want to choose this option.

You will need to complete documentation from the Canada Border Services Agency (CBSA). Different documents are required depending on whether the goods were lost or stolen before or after the Carnet's expiry.

Note: If the proof is dated after the Carnet's expiry, there is only 50% chance foreign authorities will accept it as adequate proof of timely re-exportation.

Before the Carnet expires, the form to use is a B3. After the Carnet expires, it is an E15. (Do not be misled by the E15's title, *Certificate of Destruction/Exportation*. It is the correct CBSA form to complete.)

The B3 and E15 provide the only documented evidence the goods were returned to Canada and are not in a foreign country. Having them will assist Carnet Services in defending against foreign claims, should any be filed against the Carnet.

Forms can be downloaded from the CBSA's website at www.cbsa-asfc.gc.ca/menu-eng.html. Go to *Publications and Forms*.

IMPORTANT – The electronic submission of B3s and E15s is not acceptable. When using to provide proof of Canadian re-importation of goods on a Carnet, a hard copy duly dated, signed and stamped by Canadian customs is required.

Note: The B3 and E15 can be complicated forms to complete. You may need the assistance of a customs broker.

Either of the above-referenced forms must:

- Ensure the item numbers are accurately listed and goods are easily identifiable. Of preference, attach a copy of the General List to the B3 or E15 and have it duly stamped by Canadian customs
- Ensure the specified value of the goods totals the value quoted on the General List
- Make reference to the Carnet number
- Be dated, signed and stamped by Canadian customs, if feasible, prior to the Carnet's expiry

Once the documentation has been duly completed following the guidelines above, send the it to Carnet Services. It will be kept on file and easily accessible in event claims are filed and need to be defended on your behalf.

Note: In such cases, the length of time it takes to close a file varies depending on a number of factors. It may be necessary to wait until the claim period is over (one year after the Carnet's expiry date).

Despite all our best efforts, some foreign customs may regrettably not accept these documents as proof the goods were re-exported in a timely fashion. As a result, the Carnet holder may be liable for duties and taxes.

ACTION TO TAKE IF YOUR GOODS ARE LOST OR STOLEN IN A FOREIGN COUNTRY

Customs considers lost or stolen items as permanently imported merchandise. This makes them subject to full duties and taxes and possible penalties.

If the goods were stolen, it is advisable to file a police report. Although doing so will not excuse you from paying duties and taxes in the country the theft occurred, it may enable cancellation of claims from foreign countries previously visited.

You have the option of making payment directly to foreign customs or waiting to be contacted by Carnet Services once a claim has been registered.

Option 1 - Pay Foreign Customs Directly

Customs must confirm proof of payment by completing the appropriate re-exportation counterfoil and/or providing an itemized receipt.

Whichever documentation is used must clearly indicate the:

- Carnet number
- Items on which duties and taxes were paid
- Value of items as quoted on the General List
- Amount of duties and taxes paid

The re-exportation counterfoil or receipt must be dated, signed and stamped by customs. It is always advisable to action prior to a Carnet's expiry.

If you are provided with a receipt, forward it to Carnet Services with the returned Carnet.

Option 2 - Wait Until a Claim Is Filed

Wait to be contacted by Carnet Services once a claim is registered by the country involved. Foreign customs has up to one year from the expiry date of the Carnet to file a claim.

Note: Choosing this option could delay the release of your security for up to 30 months from the Carnet's date of issue. Also, customs could levy a penalty in addition to the amount of duties and taxes owed.

TRANSFERRING GOODS

Carnets are valid for a one-year period and cannot be extended. However, with permission from foreign customs, you may be able to transfer goods onto a new Carnet for an additional one year of travel.

The standard administration fee applies. You must also provide a new guarantee for the new Carnet.

IMPORTANT – All steps of the transfer process must be completed before the Carnet expires.

Step 1 – Approval from Foreign Customs

Request approval (in writing, if possible) from foreign customs to have the goods transferred onto a new Carnet.

If your request is declined, proceed to re-export the goods prior to the Carnet's expiry or date assigned upon entry at No. 2 on the importation counterfoil. Failing to do so may result in financial consequences for your organization.

If your request is approved, go to Step 2.

Note: In the U.K. and some other European countries, permission must be granted from the port of entry of the country of importation. In most countries, permission is to be granted by the country where the goods are located.

Step 2 – Return Old Carnet

Return the old Carnet to the Carnet Services office where it was issued. Request the goods be transferred to a new Carnet. Attach written approval (if available) from foreign customs.

Carnet Services will send both your old and new Carnets to Canadian customs for the official transfer and validation of the new Carnet, after which both documents will be couriered to the Carnet holder.

Step 3 – Contact Foreign Customs

Present the old and new Carnets to foreign customs officials who will officially transfer the goods from the old Carnet to the new one.

Step 4 – Closing the Old Carnet

Return the old Carnet to Carnet Services for closure. Continue travelling with the new Carnet for an additional period of up to one year.

DESTRUCTION OF GOODS

When the goods are no longer of value, are of reduced value or if transportation costs make it financially disadvantageous to ship the merchandise back to Canada, you have the option of having them destroyed rather than re-exported.

IMPORTANT – To avoid paying duties and taxes, the destruction of goods must be done under the supervision of foreign customs. Be sure to obtain proper documentation providing this was the case.

Step 1 – Contact Foreign Customs

Make an appointment for the destruction of goods.

Step 2 – Obtain Proof of Destruction

Ensure customs provides documented proof that the goods have been destroyed.

Depending on the individual practices of the foreign country, customs may supply you with a document proving destruction and/or confirm it on the relevant re-exportation counterfoil.

If you receive documentation from customs, check that the Carnet number and the numbers and descriptions of the items that were destroyed are accurately recorded.

Customs must date, sign and stamp the documentation and/or counterfoil.

Step 3 – Return the Carnet

Send any documentation to Carnet Services when you return the Carnet.

SECTION 5: CARNET CLOSURE PROCEDURES

The Carnet is the property of the Canadian Chamber of Commerce. It **MUST** be returned with all used and unused counterfoils and vouchers when you are finished using it or at the end of the one-year period of validity. To guarantee safe delivery, return it by courier. It is also advisable for you to keep a photocopy for your files.

Before releasing your security, Carnet Services will verify that:

- The Carnet was properly validated at all customs entry and exit points
- Counterfoils clearly identify that the goods that entered the foreign country match exactly those that exited
- The goods that left Canada on the exportation counterfoil are all accounted for and correspond with those returned to Canada on the re-importation counterfoil
- The goods have been re-exported in a timely fashion; i.e. within the one-year period of validity of the Carnet and/or date assigned upon importation in a foreign country (ref: Point 2 on the importation counterfoil)

Once Carnet Services is satisfied that the Carnet has been properly validated, the security will be conditionally released. Please allow three to four weeks for completion of this procedure.

If the Carnet has not been properly validated, but there is sufficient time remaining before the expiry date to rectify the situation, a Carnet Services representative will contact you to explore ways in which to do so.

If it is too late for any action to be taken, your security (whatever portion necessary) will be held until the claim period is over or until all claims (if any) have been settled.

SECTION 6: GLOSSARY OF TERMS

GLOSSARY OF TERMS

Claim: A notice from a foreign customs authority that a violation of the Carnet system has occurred.

Claim Period: One year after the Carnet's expiration date.

Conditionally Closed: The file is closed based on information on file. Should additional information be received prior to the end of the claim period resulting in a valid claim, the Carnet holder remains liable for any duties/taxes and penalties that may be assessed.

Counterfoil: The portion validated by customs that remains with the Carnet. Information thereon must match information on the corresponding voucher.

CCC: Canadian Chamber of Commerce

CS (Commercial Samples): Goods being imported for display or demonstration purposes to solicit orders.

Duties: Customs duties and all other taxes and charges payable further to a violation of the Carnet system on goods imported on an ATA Carnet.

EF (Exhibitions and Fairs): Trade, industrial, agricultural or crafts exhibition, fair or similar show or display; exhibition organized for a charitable purpose or to promote learning, craft, scientific or cultural activity, friendship between people, religious knowledge or worship.

Expiry Date: An expiry date will be assigned upon release of the Carnet to the holder, the date being one year after the date of issue.

Final Date for Re-Exportation: Foreign customs authority has the right to restrict any shipment and require that the goods be re-exported PRIOR to the one-year period. If a customs authority limits your stay, this will be noted on the importation counterfoil at the time you enter. The Carnet holder must abide by this date to avoid any duties and taxes to be levied. All merchandise MUST leave the country of importation, or entire E.U., before midnight on that date.

Guaranteeing Association: An organization approved by the World Chambers Federation (WCF) that guarantees to customs authorities that all import duties, taxes and penalties will be paid for any claim issued against a Carnet that was not properly utilized. The Canadian Chamber of Commerce has been duly authorized to act as the Canadian guaranteeing association.

Holder: A corporation or individual on whose behalf the Carnet has been issued. A holder must have a beneficial interest in the merchandise being exported; therefore, a customs broker or freight forwarder cannot be listed as a holder of a Carnet when acting in his/her professional capacity on behalf of someone else.

PE (Professional Equipment): Equipment for the press or television broadcasting; cinematographic equipment; equipment for testing or repair of machinery; other equipment for the exercise of a calling; tools of the trade.

Penalty: In addition to duty, a charge levied by a foreign customs authority against a Carnet that has not been utilized in conformity with the conditions of the Carnet system.

Regularization: The transfer of funds to settle a claim against a Carnet that was not utilized in accordance with the rules and regulations of the Carnet system.

Security Guarantee or Security Deposit: Certified cheque, money order or surety bond held by the Canadian Chamber of Commerce to indemnify the Canadian Chamber as a result of the payment of duties and taxes and/or penalties on behalf of a Carnet holder.

Voucher: The portion of the Carnet validated by customs that remains with them for their records. Information thereon must match information on the corresponding counterfoil.

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