

April 7, 2020.

Att. Mr. John Ossowski, CBSA President ([john.ossowski@cbsa-asfc.gc.ca](mailto:john.ossowski@cbsa-asfc.gc.ca))

Mr. Paul Rochon, Finance Canada Deputy Minister ([paul.rochon@canada.ca](mailto:paul.rochon@canada.ca))

The Canadian International Freight Forwarders Association (CIFFA) represents some 260 regular member firms from the largest of global multi-national freight forwarding firms to small and medium sized Canadian companies. CIFFA member companies employ tens of thousands of highly skilled international trade and transportation specialists. Many of our members also serve the import community through a complete suite of offerings, one of which is to arrange the timely clearance of goods through the CBSA Release Prior to Payment (RPP) privilege as a licensed customs broker.

The solution proposed by the federal government on March 27<sup>th</sup>, to defer Goods and Services Tax/Harmonization Sales Tax (GST/HST) remittances and customs duty payments to June 30, 2020 was a great benefit to the business community.

As indicated, this measure could provide up to \$30 billion in cash flow or liquidity assistance for Canadian businesses and self-employed individuals over that same period.

Currently, approximately 220,000 importers who do not have their own bond rely on the approximately 300 custom brokers for:

- Custom clearance processing of goods
- Custom conditional release of goods, using the broker's RPP bond to guarantee duty/tax payments
- Reporting and accounting for goods, and
- Ultimate payment to CBSA on behalf of their importer clients.

While the proposed solution offers relief of payment, the risk and liability for custom brokers remain. As such, we are requesting that:

1. In the case of importer bankruptcy or default on payment, a customs broker should not be held liable for duty/tax amounts owing and not collected, where the broker's bond was utilized for release of goods;
2. A customs broker should not be held liable for GST/HST payments owing by a registered importer client, where a GST direct payment option agreement is established and the importer makes customs tax payments directly to Receiver General for Canada;

3. Likewise, an importer should not be held liable for duty/tax payments already made to a customs broker, who has filed for bankruptcy; and
4. No claim be made against RPP bonds for amounts owing on the Statements of Account for which payment is due June 30<sup>th</sup>.

As the federal government has decided to allow a deferral of duties and taxes on imports, the customs broker cannot keep all importers, currently without their own bonds in place, on a customs broker bond, without protection in the form of deposits or advance payments.

However, should the federal government agree to waive the broker's liability until the June 30<sup>th</sup> payment, the broker can continue to offer the use of the broker bond as a mechanism for the release of goods and allows importers the cash flow benefits of the government's payment deferral plan.

The above recommendations will allow businesses to continue and ultimately support business recovery and resumption.

Thank you for considering our request.

Regards,

Bruce Rodgers          Executive Director, CIFFA



Julia Kuzeljevich          Public Affairs Manager, CIFFA

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