

Progress Report to the House of Commons Standing Committee on Public Accounts' 34th Report, titled: *Report 2, Custom Duties, from the Spring 2017 Reports of the Auditor General of Canada – Part I*

Recommendation 3 – Regarding the period allowed for making corrections to import declarations

That, by 30 September 2018, the Canada Border Services Agency (the Agency) present to the House of Commons Standing Committee on Public Accounts (A) an interim report on the Agency's review of provisions addressing the period allowed for making corrections to import declarations and on the consultations carried out; and (B) by 31 December 2019, an interim report on the changes made in this area.

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Based on industry consultations and CBSA consideration of implications to changing the period for which adjustments can be made to import declarations, the Agency has determined not to amend the period.

As noted in our [initial interim report](#), the CBSA's analysis of provisions for making adjustments to import declarations revealed that approximately 80% of the adjustments to import declarations were filed within 2 years of importation. This suggests the degree of risk exposure arising from the four-year time period may be less than what was apparent during the course of the initial audit. Through industry consultations, the Agency further found that shortening the amendment period would likely generate significant additional appeals to CBSA assessment decisions, and would introduce compliance and revenue risks by reducing the time available to the CBSA to conduct compliance verifications. Moreover, given that the United States also has a 4-year period for filing adjustments, undoing the current alignment of timeframes would introduce increased complexity and potential costs to those companies who must operate in an integrated North American market.

The Auditor General of Canada's Audit of Customs Duties provoked a fundamental re-examination of the CBSA's management of Canada's customs duty regime. In addition to addressing the individual audit recommendations, the Agency developed and is implementing a comprehensive trade compliance strategy. The strategy aims to protect revenue owing to the Crown through enhanced trade risking, higher penalties, and by ensuring CBSA compliance interventions reflect consideration of an importer's compliance performance record. Delivery of this strategy is ongoing and is being hard-wired into the design and roll-out of an information technology modernization initiative: the CBSA's Assessment and Revenue Management (CARM) project.