

## The Canada-United States-Mexico Agreement

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This agreement is scheduled to enter into force on **July 1, 2020**, replacing the North American Free Trade Agreement (NAFTA).

### **Overview of key changes affecting imports**

#### **Origin procedures**

##### **Proof of origin to claim preferential tariff treatment**

Once the CUSMA comes into effect, any claims for preferential tariff treatment must satisfy the rules of origin requirements of the new agreement. For many goods, however, there will be no difference between the NAFTA and the CUSMA rules of origin.

The importer will be able to claim the preferential tariff treatment under the CUSMA for goods released on or after the date of entry into force of the CUSMA. It will not be possible to claim the preferential tariff treatment under the NAFTA for goods released after the CUSMA entry into force date.

The CBSA does not require a certification of origin to claim preferential tariff treatment where the value for duty is less than \$3,300. Certain conditions apply, please refer to [Customs Notice 20-15: Increase to the Low Value Shipment \(LVS\) Threshold for Goods Imported into Canada](#), for details.

The certification of origin under the CUSMA has no prescribed format, and only requires a set of minimum data elements that indicates that the good is an originating good. These elements include:

- identification and address of the certifier
- exporter
- producer
- importer
- description of the good
- the rule of origin

The certification of origin may be completed by either the exporter, producer or importer of the goods and may be placed on an invoice or any other document. Furthermore, the certification of origin may be completed, signed and submitted electronically.

To claim the preferential tariff treatment under the CUSMA, importers must have in their possession the CUSMA certification of origin completed by either the exporter, the producer or the importer at the time of importation.

Goods imported prior to the entry into force of the CUSMA for which the NAFTA preferential tariff treatment was claimed could be subject to a compliance verification or be eligible for a refund in line with the provisions of the NAFTA after the CUSMA enters into force. For goods that claimed NAFTA preferential tariff treatment, the CUSMA provides that the [NAFTA Chapter Five Customs Procedures](#) remain applicable, including NAFTA Article 505 for the record keeping period of the country of import. For Canada, records must be kept for a period of 6 years from the date of importation.

### More information

- [Annex 5-A in Chapter 5 of the CUSMA](#): Information regarding the certification of origin data elements
- [Rules of origin](#)

### Submitting proof of origin

The importer must provide the certification of origin for which the claim for preferential tariff treatment to the CBSA upon request.

The certification of origin can be completed on an invoice or any other document, and be transmitted including with an electronic or digital signature and stored electronically. If the CBSA requests the importer to submit the certification of origin, it may be provided by electronic means, including by email or as a scanned document.

- [Customs Notice 20-14: Implementation of the Canada-United States-Mexico Agreement](#): Information on CUSMA certification of origin
- [Example of a valid certification of origin](#)

### Refunds

When CUSMA comes into force, the period of one year to submit a claim for a refund of duties that were overpaid will be extended by the CBSA to provide importers with a period of four years from the date the goods were accounted for in which to claim the CUSMA preferential tariff treatment.

### Trade facilitation: *De minimis* for duties and taxes

For Canada, [CUSMA Article 7.8\(1\)\(f\)](#) sets *de minimis* threshold for courier shipments from the US or Mexico of at least \$150 for customs duties, and \$40 for taxes. The higher thresholds apply to goods of any origin that have entered the commerce of the US or Mexico. Canada's commitment only applies to imports from the US or Mexico and only by courier.

The shipment must be transported by courier, that is, a commercial carrier that is engaged in scheduled international transportation of shipments of goods other than goods imported by mail.

There is no change to the *de minimis* framework for either postal shipments from the US or Mexico, or for any courier or postal shipments from any other country. Goods imported to Canada from countries other than the United States and Mexico will continue to have a duty and tax remission threshold value of up to \$20.

Goods do not need to originate from a CUSMA party to benefit from *de minimis*, but rather be shipped from the US or Mexico, where they must have entered into commerce prior to being shipped to Canada. If the country into which the goods last entered commerce is neither the US nor Mexico, these shipments would not be entitled to the *de minimis* benefits of the CUSMA.

### **Low-value shipment threshold**

A shipment value must not exceed \$3,300 to meet the low-value shipment (LVS) threshold.

LVS allows goods to benefit from simplified report, release, accounting and documentation requirements and these benefits apply regardless of the origin of manufacture or country of export.

When CUSMA comes into effect, the CBSA will apply the LVS threshold consistently across all commercial programs, regardless of the mode, stream of importation, or free trade agreement under which a preferential tariff treatment is claimed. It is not limited to the Courier Low Value Shipment Program.

### **Trade incentives**

CUSMA will not introduce changes to the Duties Relief and the Drawback Programs.