

CASE STUDY: NAFTA - OUT OF POCKET DUTIES

GLOBAL MANUFACTURER RECOVERS UNNECESSARY NAFTA DUTIES

Livingston helps major global manufacturer of home appliances recover large sum of duties, interest and penalties prior to NAFTA eligibility.

Case Study: NAFTA - Out of Pocket Duties

Global manufacturer recovers unnecessary NAFTA duties

Livingston helps major global manufacturer of home appliances recover large sum of duties, interest and penalties prior to NAFTA eligibility.

North American businesses have been taking advantage of NAFTA for more than 20 years, but maximizing its benefits still requires due diligence – particularly when it comes to keeping Certificates of Origin updated. One Livingston client found itself overpaying significant sums of duty when they didn't have current certificates on file.

Paying unnecessary NAFTA duties

It is the importer's legal responsibility to maintain all certificates of origin when using free trade agreements and to ensure that all goods which benefit from the preferential tariff treatment do, in fact, qualify. Companies that declare preferential duty rates but do not have a valid certificate at the time of importation, can incur not only substantial retroactive duties and interest, but also penalties ranging from \$100 to \$25,000.

This Livingston client, a leading global manufacturer and distributor of home appliances, did not have current NAFTA certificates on file for several imported products. As such, \$800K in duties was paid in the third quarter of 2014.

As an active developer of new product lines, this manufacturer trades goods prior to NAFTA eligibility being verified, and seeks recovery of duties once eligibility has been determined.

Verifying NAFTA eligibility

Livingston identified an opportunity to recover duty based on NAFTA eligibility and filed post-entry corrections in blanket format.

For the first half of 2014, there were over 2,700 corrections filed which required Livingston to create a B2 submission for a blanket request, using a CBSA-approved blanket format.



Recovering duty payments

Ultimately CBSA agreed to refund the \$800K duty payments.

Livingston proactively traced the status of the recovery, and retrieved the cheque for the client. However, reimbursement of those duties was not received until 10 months later, with only \$641 in interest returned to the client.

The client was out of pocket \$800K for 10 months. With Livingston's proactive solicitation program including, but not limited to: support in correct certificate completion, updated product database management ensuring correct application of NAFTA and/or FTA and maintenance of all certificate records for the period required by law (six years, plus current year), this client could have avoided much of this negative cash flow cycle.

Contact Livingston

Have questions or need help with NAFTA certificates? Contact us at:

FTACanada@livingstonintl.com

or give us a call at **1-888-920-1868**