

Direct GST Payment System

This letter is an outline of how the direct G.S.T. payment actually works.

We will forward your entries to you by courier on the 10th and 25th of the month or weekly, depending on volume. You will be invoiced for any Duties and our brokerage fees, plus the applicable H.S.T. on brokerage fees, which will be posted to your Peninsula Custom Brokers statement and due at the end of the month. All G.S.T. on Importation will be posted to your Import Bond Report (sample attached).

A special courier will be forwarded to you on the next business day following the 24th of the month. This courier will contain a letter outlining the amount of G.S.T. for the month that will be due and payable to the "**Receiver General for Canada**", and the date which we will require this cheque. We will also attach an Import Bond Report listing bar code numbers and amounts that balance with the total G.S.T. payable. Copies of this letter, the Import Bond Report and Peninsula monthly statement will also be faxed to you, to assure that you have ample time to prepare these cheques for payment.

The Receiver General requires your cheque by 11:00am on the **last business day of the month**. We request that you send both cheques to us **by courier, two days prior to the last business day of the month**, to ensure that we have your cheque for payment by 11:00am on the last business day of the month.

Please be advised as per attached memo, fines for late GST payments will be implemented as of October 2002 under AMPS Contravention C336.

Please let us know if you would be interested in the above arrangements and we will send an application letter to be completed.

Yours truly,

PENINSULA CUSTOM BROKERS LTD

Peninsula Custom Brokers Ltd.

Date: 01/31/2000

K84 - Importer Based Security

Page 1

For: ABC Co Ltd

From: 12/25/1999 To: 01/24/2000

B/N: 123456789RM0001

Port	Bar Code Number	File #	Invoice No.	K84 Date	Duty	SIMA/ Excise	GST	Total
440	15594 001234567	1234567	04-0012345	01/14/2000	0.00	0.00	450.00	450.00
453	15594 002345678	2345678	03-0023456	01/17/2000	0.00	0.00	200.00	200.00
497	15594 003456789	3456789	04-0034567	01/23/2000	0.00	0.00	350.00	350.00
Total Number of Entries :		3			0.00	0.00	1000.00	1000.00

---Please make cheque payable to Receiver General for Canada ---

For the total amount of: \$1000.00

C336

Contravention

Person failed to pay duties on goods accounted for under subsections 32(2) and 32(3) of the *Customs Act*.

Penalty

Flat rate: \$100

Penalty Basis

Per instance

Legislation

Customs Act, subsection 33

D Memo

D17-1-5, Registration, Accounting and Payment for Commercial Goods

Other References

D11-6-5, Interest and Penalty Provisions - Determinations and Re determinations, Appraisal and Re-appraisals, and Duty Relief
Accounting for Imported Goods and Payment of Duties Regulations

Guidelines

Non-compliance occurs and a penalty is assessed against an importer when:

- the importer has their own account security and fails to pay their K84 in full by the date specified on the K84;
- their broker short-remits their K84 when the importer uses the Importer Direct Security or GST Direct Payment Options. In these situations, brokers must have provided their central payment office with the Option Agreement and HQ acknowledgment. The penalty is applied against the importer indicated on the customs broker's reconciliation sheet.

Non-compliance occurs and a penalty is assessed against a broker when:

the broker does not pay their K84 in full by the date specified on the K84;
the broker only partially pays their K84 (i.e. short-pays, not short remits). Penalty is applied against the broker's business number.

In addition to the penalty, a K23 is still issued as a result of a late-payment on a K84. There will not be an additional penalty for the late payment of the K23.

Non-compliance occurs and a penalty is assessed by CSA compliance manager against a CSA importer when:

- the total Revenue Summary Form (RSF) amount has not been remitted to a financial institution within the prescribed time limits.