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Evaluation of the Duties Relief and Duty Drawback Programs: Introduction

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1.1 Evaluation purpose and scope

The Evaluation of the Duties Relief Program (DRP) and Duty Drawback Program (Drawback Program) was included in the Canada Border Service Agency's (CBSA) 2021 Risk-Based Audit and Evaluation Plan. The evaluation stems from [redacted] In addition, [redacted] that the CBSA provide a follow-up on the findings and recommendations from the 2017 Office of the Auditor General (OAG) report on Customs Duties, which encompassed the DRP.

The evaluation assessed progress towards the expected results [redacted] during FY (fiscal year) 2018 to 2019 to 2020 to 2021. An auditor was contracted to assess the CBSA's actions taken in response to Recommendation 2.63 of the 2017 OAG report on Customs Duties.

1.2 Evaluation methodology

Qualitative and quantitative data was collected using common evaluation research methods from multiple sources. These included legislative and program-related documents; administrative and program data; human resources (HR) data; and semi-structured interviews with Headquarter (HQ) and Regional CBSA staff involved in the Programs. Details on the evaluation methods used are provided in Appendix B.

The main challenges encountered during the evaluation were:

- Quality of the performance indicators [redacted];
- Lack of methodology/standard operating procedures (SOPs) on how the indicators were calculated [redacted]
- Quality of the data in the systems housing the program's data, particularly for the Drawback Program.

1.3 Program description

The DRP and Duty Drawback Program contribute to the CBSA's mandate to provide integrated border services and support trade facilitation. The CBSA administers the Programs on behalf of the Department of Finance Canada (DFC). The Programs help Canadian companies to be more competitive on the international trade stage, and have existed in their current form in Canada since 1996.

1.3.1 Duties Relief Program

The DRP is a regulatory, licence-based program allowing Canadian companies to import goods without paying duties and/or surtaxes on the condition that the imported goods are subsequently exported. There are two key activities related to the DRP: issuing licences to importers, and processing claims for relief of duties against licences. Senior officers, Trade Compliance (SOTCs) conduct verifications on both activities, ensuring correct information has been provided by importers and that duties are relieved accurately and in accordance with current legislation.

1.3.2 Duty Drawback Program

The Drawback Program has the same conditions and obligations as the DRP. However, Canadian companies must pay the import duties first and, once the goods are subsequently exported, a drawback claim (refund) can be made. Refund claims submitted by importers are subject to verifications by regional SOTCs.

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