

The online rating form was not provided to Mr. Hociung by BSO Debski nor did he review it before it was handed to Mr. Hociung.

As indicated in BSO Debski's narrative report, a copy of the online rating report was provided to Mr. Hociung to illustrate an approximate amount of tax calculated for the coins.

23. Explain in detail how the "online rating" came to show a 13% tax rate for the gold coins, while a call to CRA to clarify the same question yielded a conclusion that the gold and silver coins are tax exempt?

The online rating report is populated from the Traveller Entry Processing System (TEPS). The system is used to determine the duties and taxes owing on imported goods. The system automatically generates the related rates of duty/taxes based on the Customs Tariff classification code that is entered. The system has various methods to help classify items such as common commodity types or keyword searches to apply the applicable HS codes.

In this case, the calculation was made based on Customs Tariff classification code no. 7118.10.00.00.

However, during the ministerial review, it was later determined that the coins were tax exempt, and as such, the amount owed for the terms of release was lowered accordingly.

24. Did officer Debski intend to charge the plaintiff 13% of the value of the coins, as shown on the "online rating", had they been reported according to *Customs Act* section 12?

At the time of the seizure, terms of release for the return of the seized coins was calculated by the Integrated Customs Enforcement System in the amount of \$1,606.97, as indicated on the Seizure Receipt.

As mentioned above however, during the ministerial review, it was determined that the coins were tax exempt due to purity levels, and as such, the amount owed for terms of release was lowered accordingly.

25. Is the 13% tax typically charged for all importations of gold and silver coins into Canada? Provide detail as to how the CBSA determines which coins are subject to this tax.

The rate of duty and taxes applicable to imported gold and silver coins is dependent upon the purity level of the coins in question. If coins meet the required purity level, they are unconditionally duty free and tax exempt. However, if they fall below the purity level, then HST is applicable.

26. In his narrative report, the Officer Debski quoted "only coins issued [...]". Include the complete reference to the document he is quoting, and the full text of the section quoted, and explain how he arrived at the conclusion that the stated criteria do not match the coins he seized as goods?

The criteria, as per his narrative report are:

- minted with metals at the required purity levels
- issued by a government authority

See attached – "Information Bulletin – Precious Metals – Bullion and Coin"