

New Sanctions Reporting Requirements for Importers and Exporters

Brenda C. Swick

September 25, 2024

The [Fall Economic Statement Implementation Act](#) amends the [Proceeds of Crime \(Money Laundering\) and Terrorist Financing Act](#) (Act) by introducing new reporting obligations for importers and exporters to declare whether the goods they are importing or exporting are proceeds of crime or related to sanctions evasion, money laundering, or the financing of terrorist activities. Failure to comply can result in the seizure and forfeiture of the goods and the imposition of Administrative Monetary Penalties (AMP). Companies throughout the supply chain should ensure that they implement the necessary policies and procedures to ensure compliance with the new reporting requirements.

Reporting and Record Keeping Requirements

The primary obligation is for importers and exporters to declare to the Canada Border Services Agency (CBSA) whether goods "actually" being imported into or exported from Canada are "proceeds of crime"¹ or are connected to money laundering, terrorist financing, or sanctions evasion.² Importers or exporters must make the declaration in respect of all financial transactions paying for any goods that are being imported or exported.

The Act creates new and expansive record keeping requirements related to the declaration. These record keeping requirements extend to not only the importers and exporters of the particular goods, but also persons that produce, supply, distribute or consume imported or exported goods.³ CBSA is expected to issue guidance on the scope and nature of the record keeping requirements.

Enforcement

If a CBSA officer has reasonable grounds to believe that the goods are the proceeds of crime, or are related to money laundering, terrorist activities, or sanctions evasion, the officer may seize and forfeit the goods.⁴ There are mechanisms for the review and appeal of decisions made by the CBSA.

The Act provides for the creation of an AMP scheme to promote compliance with the reporting requirements.

Cassels

Entry Into Force

The entry into force of these provisions has been delayed pending the introduction by CBSA of the necessary implementation policies and procedures.

The [International Trade Group](#) will be monitoring the implementation of these new reporting requirements.

¹ As defined by subsection 462.3(1) of the Criminal Code.

² Act, subsection 39.02(1). The declaration requirement applies to all goods that are subject to the reporting requirements on import into or export from Canada under sections 12 and 95 of the *Customs Act*.

³ Act, subsection 39.02(6).

⁴ Act, subsection 39.06(1).

This publication is a general summary of the law. It does not replace legal advice tailored to your specific circumstances.