

A STEP BY STEP GUIDE TO IMPORTING

A Guide for Canadian
Entrepreneurs

A GUIDE FOR CANADIAN ENTREPRENEURS

A Step by Step Guide to Importing

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Table of Contents

Chapter 1 Getting Started	5
1.1 Importing: An overview.....	5
1.2 Importer/export account number	7
1.3 Quotas and permits	9
1.4 Industry-specific requirements	10
Chapter 2 Selecting a Foreign Supplier	12
2.1 Why does the source country matter?.....	12
2.2 Tariff Treatments.....	12
2.3 Anti-dumping and countervailing duties.....	13
2.4 Finding a supplier	15
2.5 Key points to cover in a supplier contract.....	17
Chapter 3 Financial & Contract Issues	18
3.1 Incoterms	18
3.2 Transportation costs.....	21
3.3 Insurance	22
3.4 Tariff classification.....	24
3.5 Import cost and ultimate pricing	26
3.6 Paying your supplier.....	28
3.7 Import letter of credit (LC)	29
Chapter 4 Logistics and Other Partners	31
4.1 Customs brokers	31
4.2 Freight forwarders, 3PLs and couriers	32
4.3 Security of the supply chain	35
4.4 Government agencies and associations.....	37
Chapter 5 Customs documentation and clearance	39
5.1 Accounting package	39
5.2 Importer of record.....	42
5.3 Electronic documentation and online service	43
5.4 Release of goods	45
5.5 Duties relief, and dispute resolution	46
Appendix A Checklist of Importing Commercial Goods.....	49
Appendix B Sources of assistance.....	51
Appendix C Glossary	55

Getting Started

Any business that imports goods into Canada from another country is involved in importing. As in any venture, there is an element of risk, which can be minimized by thorough research and the assistance of experienced service providers. Incorporate importing into a sound business plan, and you will find that importing is just one more way to ensure a successful entrepreneurial venture.

1.1 Importing: An Overview

Much of the importing process will already be familiar to the Canadian entrepreneur: activities such as researching the market, finding suppliers, arranging for delivery, and keeping paperwork, are part of all businesses.

When you import goods as part of your business, there are additional considerations:

- **Market research:** Do you know if you will be able to sell enough of the products to cover your costs? The products may not be available already in Canada, so it may be difficult to predict customer take-up, and the price they will be willing to pay.
- **Supplier reliability:** Will you be able to get the products in the quality and quantities that you need? Does your supplier understand Canadian labelling regulations? Is he used to completing Canadian import documentation correctly?
- **Cash flow:** Can you manage the financial demands of importing? There will be additional costs in transportation, insurance, foreign exchange etc. that you will have to build into your usual financial plans and cash flow projections.
- **Service providers:** You will be familiar with working with your carrier, warehousing company, tax advisor and banker. To assist you in importing, you may have to engage additional service providers: customs brokers, international freight forwarders, translators, currency dealers, etc.

If you already have a successful company, you might wonder why you should consider importing into Canada. There are a number of business benefits in sourcing raw materials or products abroad and importing them.

Reasons to Start Importing
<p>New products: A company can increase its market share by introducing new products that are not available from competitors, and by positioning itself as innovative.</p>
<p>Traditional skills or attributes: Imported products reflecting traditional manufacturing skills or attributes, such as glassware from the Czech Republic or new designs from Italy, allow a company to use these attributes as a promotional strategy.</p>
<p>Higher quality products: Some countries have developed a reputation as specialist manufacturers of high quality goods, for example, watches from Switzerland. Importing these products can help accompany develop a niche market.</p>
<p>Lower prices for products: Lower labour costs or a beneficial tax regime may make products cheaper than a similar product manufactured in Canada. This lower base price may give the importer a competitive edge, if it is not offset by transportation and other costs.</p>

TIP: The **Canada Business** network is a good source for information about importing. Start with the Import Info-Guide, in the importing section of the website <http://www.canadabusiness.ca> or call toll-free 1-888-576-4444.

“ Understanding the import process is important for certain types of product, becomes more important as the volume of import transactions increases, and is most important when the range of products diversifies.”

– Data management company

Before you import, you will need to consider carefully the legal requirements as well as the practicalities.

In fact, your planning for importing begins way back when you first decide which product(s) you will import, and from where. These early decisions will affect the documentation that you will need to get those products into Canada, the ease with which they clear Customs, and their final cost.

Importing Considerations	
Type of product	There are regulations covering special types of goods, such as food products and health products.
Source country	Cheaper goods may be offset by additional expenses relating to transportation costs, tariffs, export taxes in the source country, and foreign exchange fluctuations. Risks such as political instability and fluctuating economies may also increase the effort required in importing.
Service providers	Experienced customs brokers, freight forwarders and other service providers can smooth the way, but their fees must be included in pricing calculations. Even if such experienced service providers are used, ultimately you are responsible for complying with import regulations.

1.2 Importer / Exporter Account Number

Before importing goods into Canada, you must obtain from Canada Revenue Agency a **Business Number** (BN) for an import/export account. The Business Number is used for major government revenue programs such as GST (Goods and Services Tax), payroll deductions and corporate income tax.

Import/export accounts are identified by RM, for example 123456789**RM**002

Canada Border Services Agency (CBSA) will use your import-export account number to process customs documents. To avoid delays in releasing your goods at the border, open your import/export account with Canada Revenue Agency *before* you try to import or export goods.

Options for obtaining a Business Number for an Import/Export Account:

- Complete **Form RC1** Request for a Business Number (BN); or
- Use **Business Registration Online**; or
- If you already have a Business Number, use **Form RC1C** Business Number (BN) – Import/Export Account Information, to add an import/export account; or
- Call **1-800-959-5525**, for either a new business or to add an import/export account.

When completing form RC1, include all your business names as they may appear on customs release forms and other documents such as invoices. If the name on the customs release document is different from the name that CBSA and Canada Revenue Agency have on file for you, your shipment may be held up at the border.

Send the completed print forms to your nearest tax services office, listed in the government section of your telephone book.

Links to online forms and services:

Form RC1 <http://www.cra-arc.gc.ca/E/pbg/tf/rc1/README.html>

Business Registration Online <http://www.businessregistration.gc.ca>

Form RC1C <http://www.cra-arc.gc.ca/E/pbg/tf/rc1c/README.html>

TIP: If you have not already set up your business, the **Canada Business** network has useful guides at <http://www.canadabusiness.ca>

1.3 Quotas and Permits

The nature of the product you plan to import will affect the amount of paperwork you will have to complete, and perhaps may add to the cost of importing.

No license is required to import most goods. However, some controlled products are subject to a quantitative import restriction or quota, and require a permit for importation into Canada.

These controlled goods are all found on the **Import Control List (ICL)** at <http://laws.justice.gc.ca/en/E-19/C.R.C.-c.604/text.html> .

Controlled Products:	
Agricultural products	For information about importing an agricultural product that is on the ICL, call (613) 944-0777 (English) or (613) 995-8104 (French).
Steel	For information about importing steel, call (613) 944-0778.
Weapons and munitions	For information about importing weapons or munitions, call (613) 944-3097.
Clothing and textiles	Import permits for clothing and textiles are no longer required, except from countries that are eligible for a tariff preference level benefit under free trade agreements – U.S. and Mexico (NAFTA), Chile (CCFTA) and Costa Rica (CCRFTA). For information about importing a textile or clothing article from these countries, call (613) 996-3711.
Endangered species	The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) controls the international trade of endangered animal and plant species. The Canadian Wildlife Service (CWS), part of Environment Canada, administers CITES in Canada. For permit requirements, call CWS at 1-800-668-6767, or see the CITES website at http://www.cites.ec.gc.ca/eng/sct3/index_e.cfm .

There is a small charge for the permit, if required, and there will be additional charges if a customs broker obtains the permit for you. You should also take into account the time it takes to process a permit application. An permit will be required for each separate shipment.

1.4 Industry-Specific Requirements

Some goods are subject to the requirements of federal government departments, and may need permits, certificates and examinations. **Memorandum Series D19** covers acts and regulations of Other Government Departments (OGDs).

There may be no fees for these additional OGD requirements, but they will require additional effort on the part of the importer or the customs broker.

OGD (Other Government Departments) Requirements:	
Labelling	Goods for retail sale must comply with labeling laws – see the Guide to the Consumer Packaging and Labelling Act .
Vehicles	Motor vehicles must meet emission control standards – see Transport Canada's website.
Food	Food and agricultural products must pass the necessary health and sanitary checks – see Guide to importing Foods Products Commercially .
Personal products	Personal product safety is overseen by Health Canada – see guides for cosmetics importers, and the policy on drugs and natural health products .
Hazardous products	Health Canada is responsible for household chemicals and other hazardous products – see the guide on hazardous products .
Electrical appliances	Electrical appliances and equipment must be certified by the Canadian Standards Association (CSA) before they can be sold in Canada. Call the CSA International toll-free at 1-866-797-4272 for information on product certification.
Alcohol	Imports of liquor, wine and beer require prior authorization from the appropriate provincial liquor commission, see Memorandum D3-1-3 . A useful summary of regulations is on The Kirkwood Group's website.
Prohibited goods	Some goods are prohibited, such as hate literature and pornography, second-hand mattresses, etc. – see Memorandum Series D9 .

TIP: Contact information for important government agencies is given in **Appendix B**. Industry associations will also be able to advise you.

Links to online resources concerning OGDs:

Memorandum Series D19 (OGDs)

<http://www.cbsa.gc.ca/publications/dm-md/d19-eng.html>

Guide to the Consumer Packaging & Labelling Act

<http://www.competitionbureau.gc.ca/epic/site/cb-bc.nsf/en/01248e.html>

Transport Canada (vehicles)

<http://www.tc.gc.ca/roadsafety/importation/menu.htm>

Guide to Importing Food Products Commercially

<http://www.inspection.gc.ca/english/fssa/imp/guide1e.shtml>

Health Canada (cosmetics)

http://www.hc-sc.gc.ca/cps-spc/pubs/indust/cosmet_guide/index_e.html

Health Canada (drugs & natural health products)

http://www.hc-sc.gc.ca/dhp-mps/compli-conform/info-prod/drugs-drogués/pol_0019_tc-tm_e.html

Health Canada (hazardous products)

http://www.hc-sc.gc.ca/cps-spc/pubs/indust/reference_guide-consultation_rapid/intro_e.html

CSA International (electrical products)

http://www.csa-international.org/how_get_started/

Memorandum D3-1-3 (alcohol)

<http://www.cbsa-asfc.gc.ca/E/pub/cm/d3-1-3/README.html>

The Kirkwood Group (alcohol)

<http://www.thekirkwoodgroup.com/boards/>

Memorandum Series D9 (prohibited goods)

<http://www.cbsa.gc.ca/publications/dm-md/d9-eng.html>

Selecting a Foreign Supplier

After you have determined which products you want to import, the next step is to consider from which country you will import them. In fact, often the prospective importer already has a country in mind – he has seen a product that he thinks will sell well in Canada, or he has a family business abroad which can supply products for the Canadian market. However, it is important to consider carefully, not necessarily sourcing the products from the most obvious country.

2.1 Why Does the Source Country Matter?

Your choice of source country can impact the *final cost* of the imported product.

For Customs purposes, the “country of origin” is the country in which the goods are grown, manufactured or produced. In the case of a manufactured article, the country of origin is where the item was substantially transformed into its present form.

2.2 Tariff Treatments

- The country of origin of your goods determines the trade agreement under which they qualify, and the tariff treatment they will receive. Duties can range from 0% to 35%, directly impacting the profitability of the imported product.
- Under various trade agreements and other special tariff provisions, reduced tariffs apply to products from certain countries – these are preferential tariff treatments.
- To qualify for these preferential rates, you must have a “certificate of origin” specific to the agreement – for example, to claim reduced duty rates for an import from the USA or Mexico you must complete a valid NAFTA certificate of origin. A **list of trade agreements** is on the website of Foreign Affairs and International Trade Canada.

- A particular example of the preferential tariff treatment is the Least Developed Country Tariff, which is 0% on all qualifying goods – see **Memorandum D11-4-4**.

TIP: A **List of Countries** and applicable tariff treatments is on the Canada Border Services Agency (CBSA) website.

2.3 Anti-dumping & Countervailing Duties

- If you are importing from a country with a state-controlled economy, and the transaction value has been subsidized in some way, you may incur countervailing duties to offset the subsidy.
- If the price you pay for the goods is determined to be less than the normal price charged by Canadian suppliers, you may incur anti-dumping duties.
- To find out if your goods will be subject to countervailing duties, check the **SIMA Self-Assessment Guide**.

Links to online resources:

List of trade agreements

<http://www.international.gc.ca/trade-agreements-accords-commerciaux/>

Memorandum D11-4-4 Least developed Country Tariff

<http://www.cbsa-asfc.gc.ca/E/pub/cm/d11-4-4/README.html>

List of Countries and applicable tariff treatments

<http://www.cbsa-asfc.gc.ca/trade-commerce/tariff-tarif/2008/01-99/countries-pays-eng.pdf>

SIMA Self-Assessment Guide

<http://www.cbsa-asfc.gc.ca/sima-lmsi/self-eng.html>

How else does the source country impact your final product cost?

Quotas	<p>As noted earlier, there are country-specific quotas that are aimed at particular goods from specific countries. You should check the Import Control List (ICL) and the Area Control List (ACL) to ensure that the country of origin does not restrict the import of that product.</p> <p>ICL: http://laws.justice.gc.ca/en/E-19/C.R.C.-c.604/text.html ACL: http://laws.justice.gc.ca/en/E-19/SOR-81-543/100049.html</p>
Foreign exchange and insurance	<p>Charges for foreign exchange and insurance may be higher for countries with volatile economies or unstable political or legal environments.</p>
Distance	<p>Transportation costs will be higher, and delivery times may be longer, for countries that are further away. Time zones may result in you doing most of your business in the middle of the night.</p>
Language	<p>If you, or your employees, don't speak the local language, your relationship with your supplier may be dependent on good translators.</p>
Familiarity with the country	<p>You may have to visit the source country many times in order to select the best supplier, develop supplier relationships, check the quality of the products, etc. Having contacts there makes doing business easier.</p>
Level of development	<p>It may be harder to do business with a developing country, especially if the supplier is new to exporting. However, high volumes of current trade with Canada will suggest that other Canadian companies are successfully trading with the country. Use Trade Data Online to find the volume of current trade with Canada, and the types of products currently imported.</p> <p>Trade Data Online: http://www.ic.gc.ca/tdo</p>
Intellectual property	<p>If your product is being manufactured and packaged for you exclusively, you may have to consider the ease of obtaining and enforcing patents.</p>

2.4 Finding a Supplier

There are a number of ways to find a supplier that do not involve visiting the country, or attending a tradeshow.

- Multinational trade directories
- Country-specific trade directories
- Yellow Pages
- Embassies
- Personal recommendation

Multi-national trade directories

An international directory such as **Kompass Online** can be searched across many countries at once. *Kompass* not only provides contact information on manufacturers worldwide, it also indicates if they are currently exporting.

Country-specific trade directories

Another method is to first identify a country or group of countries producing the product, and then look for a manufacturers' directory for that country. Find which countries are already exporting the product to Canada using **Trade Data Online**:

- select "all imports"
- select "all countries (detailed)"
- type in the appropriate product code

To find an online business directory for a specific country, use **Google Directory**:

- choose an appropriate country
- select "business and economy"
- select "directories"

Yellow Pages

Most countries have a form of **Yellow Pages** directory, searchable online.

Embassies

National embassies, here in Canada, may be able to help you find a supplier, through their commercial sections. They often have company directories and buyers' guides for their country or region. See **Appendix B** for contact information for embassies, consulates and trade offices in Canada.

Personal recommendation

Ideally, you want a supplier with a record of efficiently supplying goods to Canada, so personal recommendations are useful. You can consult your **industry association** or a **bilateral trade association** (see **Appendix B**), to identify foreign companies with existing strong links to Canada. This step is part of the due diligence you undertake, to determine the reliability and reputation of a potential supplier, as you would do with your Canadian suppliers.

References

Once you have identified a potential supplier, the **Trade Commissioners** in Canadian embassies, consulates and high commissions abroad will be likely to know if that company is already doing business in Canada. Other references can be sought from banks and credit reporting agencies, as part of due diligence.

Links to online sources:

Kompass Online <http://www.kompass.com>

Trade Data Online <http://www.ic.gc.ca/tdo>

Google Directory <http://www.google.ca/Top/Regional>

International Yellow Pages <http://www.yellow.com/international.html>

Canadian Trade Commissioners <http://infoexport.gc.ca>

2.5 Key Points to Cover in a Supplier Contract

Parties to the contract – who are the parties, and in what capacity they are acting

Exclusivity – the territory and term of exclusive distribution rights

Goods – what goods are being bought, at what volumes

Warranties – warranties and who is responsible for repair, replacement or return of defective product

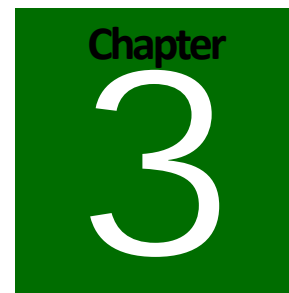
Price – purchase price, currency, exchange rate, and what is included in the price

Payment method – method of payment, timing of installments and holdbacks subject to inspection

Regulatory issues – who is responsible for obtaining export or import licenses, and meeting legal or technical regulations such as labeling and standards

Trading terms – use Incoterms to specify responsibility for transport and insurance, and where transfer of title takes place

Dealing with problems – procedures if a dispute arises or your supplier defaults, and legal jurisdiction



Financial & Contract Issues

The cost of importing a product into Canada will vary not only with the cost of purchase from a supplier, and the taxes and duties levied, but also such factors as transportation costs, insurance costs, and financing costs.

Who is responsible for transportation and insurance costs will be determined by the terms of the contract that you negotiate with your supplier. You and your supplier must have a common understanding of the exact meaning of the terms you have used in the contract.

TIP: Ask your banker to introduce you to his international trade division, to get the best terms for your financing needs.

3.1 Incoterms

Incoterms, which were developed by the International Chamber of Commerce (ICC), provide a common terminology for international shipments, and minimize misunderstandings. Incoterms signify to both the seller and the buyer what is, and more importantly what is not, included in the selling price. They also indicate where the exporter's responsibility ends and the importer's responsibility begins with respect to ownership, and insurance of the goods.

Which Incoterm will apply to a particular trade transaction is a matter of negotiation between seller and buyer. However, inclusion of the appropriate term in sales quotations is crucial to determine the responsibilities of each party in the contract of sale.

- For example, you need to know if all transportation and insurance are included in the price quoted for the goods, and if not, at what point do you become responsible for paying carriers and arranging insurance coverage.

The legal definition of each Incoterm comes from the **International Chamber of Commerce**. A brief definition of each term is provided below. Make sure that you and your supplier have the same understanding of the term that you agree to.

You can buy from the **Canadian Chamber of Commerce** the ICC chart of Incoterms, showing graphically the responsibilities of seller and buyer at each movement of the shipment from the supplier's place of business to your place of business. Similar charts are often available from banks and logistics companies.

Links to services:

International Chamber of Commerce <http://www.iccbooks.com>

Canadian Chamber of Commerce (ICC Incoterms chart)
<http://www.chamber.ca/article.asp?id=3607>

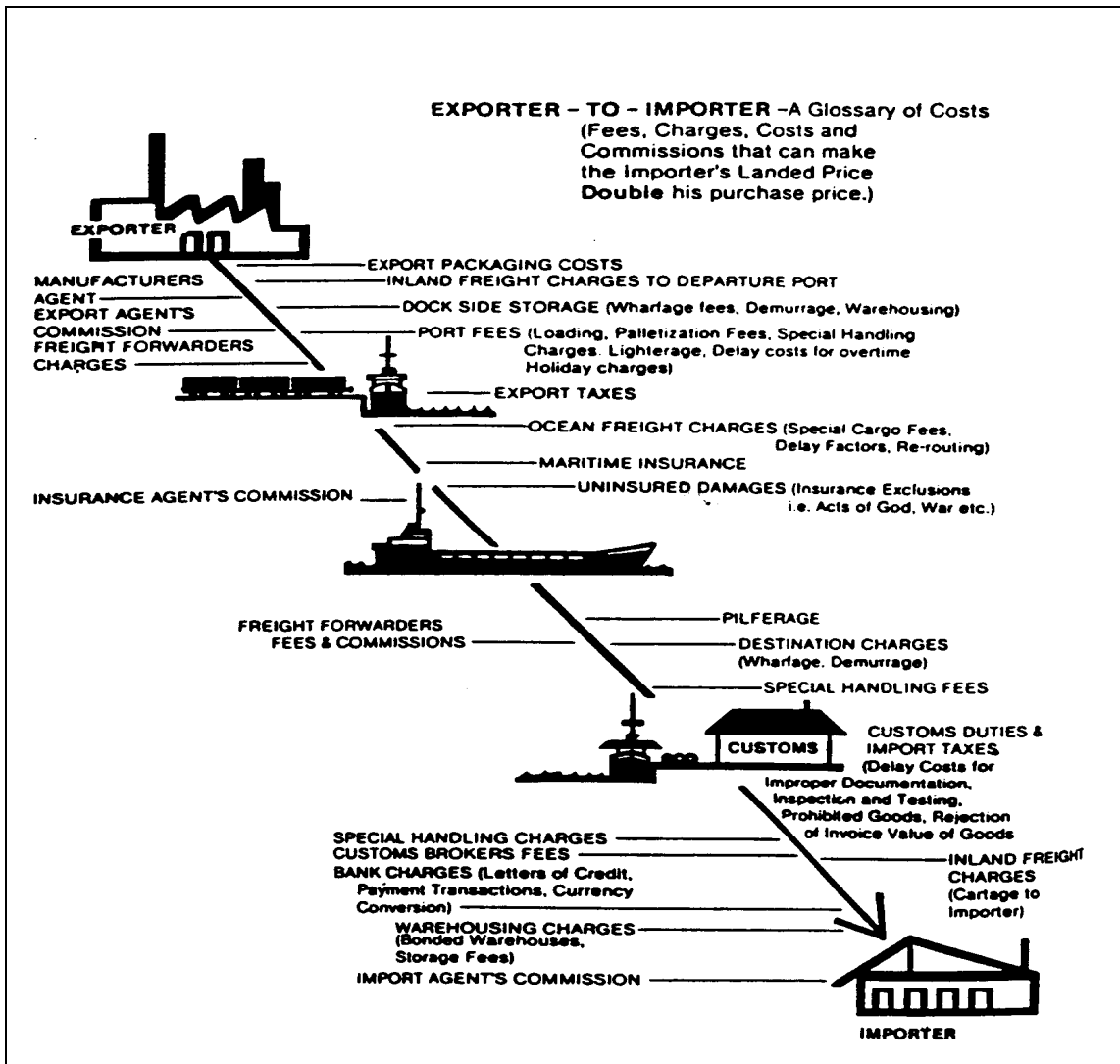
TIP: Ask your customs broker, bank or freight forwarder for a free chart of Incoterms, to help guide your negotiations, but always check the official meaning of the Incoterm that you use in the contract.

Brief definitions of Incoterms:

<p>EXW Ex Works (named place)</p>	<p>This Incoterm puts the most responsibility on the buyer. Title and risk pass to buyer including payment of all transportation and insurance cost from the seller's door.</p>
<p>FCA Free Carrier (named port)</p>	<p>Similar to FOB, except the seller's obligations are met when the goods are delivered into the custody of the carrier at the port. The risk of loss/damage is transferred at the buyer at this time, not at the ship's rail.</p>
<p>FAS Free Alongside Ship (named port of shipment)</p>	<p>Title and risk pass to buyer including payment of all transportation and insurance cost once delivered alongside ship by the seller.</p>

<p>FOB Free On Board (named port of shipment)</p>	<p>Title and risk pass to buyer including payment of all transportation and insurance cost once delivered on board the ship by the seller. Free On Rail (FOR) and Free On Truck (FOT) are used when goods are carried by rail or road.</p>
<p>CFR Cost and Freight (named port of destination)</p>	<p>Title, risk and insurance cost pass to buyer when delivered on board the ship by seller who pays the transportation cost to the destination port.</p>
<p>CIF Cost Insurance and Freight (named port of destination)</p>	<p>Title and risk pass to buyer when delivered on board the ship by seller who pays transportation and insurance cost to destination port.</p>
<p>CPT Carriage Paid To (named place of destination)</p>	<p>Title, risk and insurance cost pass to buyer when delivered to carrier by seller who pays transportation cost to destination.</p>
<p>CIP Carriage Insurance Paid (named port of destination)</p>	<p>Title and risk pass to buyer when delivered to carrier by seller who pays transportation and insurance cost to destination.</p>
<p>DAF Delivered At Frontier (named place)</p>	<p>Title, risk and responsibility for import clearance pass to buyer when delivered to named border point by seller, but before they reach the “customs border” of the importing country named in the sales contract.</p>
<p>DES Delivered Ex Ship (named port of destination)</p>	<p>Title, risk, responsibility for vessel discharge and import clearance pass to buyer when seller delivers goods on board the ship to destination port.</p>
<p>DEQ Delivered Ex Quay (named port of destination)</p>	<p>Title and risk pass to buyer when delivered on board the ship at the destination point by the seller who delivers goods on dock at destination point cleared for import.</p>
<p>DDU Delivered Duty Unpaid (named place of destination)</p>	<p>Title, risk and responsibility of import clearance pass to buyer when seller delivers goods to named destination point. Buyer is obligated for import clearance.</p>
<p>DDP Delivered Duty Paid (named place of destination)</p>	<p>This Incoterm puts the least responsibility on the buyer. Title and risk pass to buyer when seller delivers goods to named destination point cleared for import.</p>

3.2 Transportation costs



Source: *Importing into Canada*, I.E.Canada, 2005

*“ There are three aspects to importing:
first, the physical movement of goods across the border;
second, the costs associated with the entire shipment;
and third, the optimization of the import process.”*

– Logistics service provider

3.3 Insurance

Insurance is essential to protect you against potential losses.

- Freight insurance will usually cover possible loss of goods, or damage to goods, for the entire trip, including time spent in warehouses during shipment.
- Note that a “marine policy insurance” covers transportation by road, rail and air, as well as by sea.

Insurance you may need to consider:

- Loss or damage to goods in transit
- Short-shipment by the supplier
- Failure of the seller to supply
- Transport delays and hold-ups at ports
- Import duties
- Storage of goods in bonded warehouses
- Unloading, examination, and re-loading charges
- Performance problems with the finished products
- Health and safety problems with the product
- Currency fluctuations

TIP: Make sure you inspect the goods on receipt, so you can remedy any problems promptly.

Who Arranges the Insurance?

The responsibility for organizing insurance can be shared between the import/buyer and exporter/seller, or be undertaken by just one. Make sure the contract confirms which option has been chosen. Incoterms clarify to what extent a party must take responsibility for particular risks during transportation.

Points to consider:

- If you arrange insurance yourself, you'll know how much you're paying and what's included.
- If your supplier arranges insurance, make sure you know the details of the insurance cover.
- Carriers, freight forwarders and third party service providers will only arrange insurance if so instructed in writing; they do not do so automatically.
- Check with your business insurance provider, for coverage already available to you.

Finding an insurance company

To find a business insurance provider, check one of the following specialty directories, online or in the business section of your public library:

Special Markets Directory

online from Stone & Cox / Canadian Insurance at
<http://www.cdnins.com/directory/specialmarket.htm>

Insurance Marketer

online from Business Information Group / Canadian Underwriter at
<http://www.canadianunderwriter.ca/esource/default.asp>

General Insurance Register

published by Stone & Cox / Canadian Insurance

Western Canada Insurance Market Finder, online at

<http://www.insurancwest.ca/marketfinder.shtml>

Ontario Insurance Directory

published by Business Information Group / Canadian Underwriter

TIP: A certificate of insurance, prepared by the exporter or freight forwarder to indicate the presence of insurance against loss of or damage to the goods, may be required as part of the documentation specified under the terms of a letter of credit.

3.4 Tariff classification

For each item you are importing, you'll need to determine the 10-digit classification number, which determines the rate of duty payable.

The current version of Canada's **Customs Tariff**, which conforms to the Harmonized System (HS) developed by the World Customs Organization (WCO), is on the CBSA website.

For example, if you are importing silver lockets from a manufacturer in Italy, the HS code is 7113.11.00.00. No preferential tariffs apply, so the duty rate is 8.5%.

Example: Tariff Schedule					
Tariff Item	SS	Description of Goods	Unit of Meas.	MFN Tariff	Applicable Preferential Tariffs
		III. –Jeweller, Goldsmiths' and Silversmiths' Wares and Other Articles			
71.13		Articles of jewellery and parts thereof, or precious metal or of metal clad with precious metal:			
7113.11		--Of silver, whether or not plated or clad with other precious metal			
7113.11.10	00	-- -Findings, not plated or clad	-	5%	CCCT, LDCT, GPT, UST, MT, MUST, CIAT, CT, CRT: Free
7113.11.90	00	-- -Other	-	8.5%	CCCT, LDCT, UST, MT, MUST, CIAT, CT, CRT: Free GPT: 5%
7113.19		--Of other precious metal, whether or not plated or clad with precious metal			
7113.19.10	00	-- -Findings, not plated or clad	-	5%	CCCT, LDCT, GPT, UST, MT, MUST, CIAT, CT, CRT: Free
7113.19.90	00	-- -Other		6.5%	CCCT, LDCT, UST, MT, MUST, CIAT, CT, CRT: Free GPT: 5%
7113.20		--Of base metal clad with precious metal			
7113.20.10	00	-- -Findings	-	5%	CCCT, LDCT, GPT, UST, MT, MUST, CIAT, CT, CRT: Free
7113.20.90	00	-- -Other	-	8.5%	CCCT, LDCT, UST, MT, MUST, CIAT, CT, CRT: Free GPT: 5%

TIP: To find where to start in the Tariff Schedule, use the **Commodity Search** tool on Statistics Canada's website.

For CBSA to determine that you have used the right classification, you must provide a detailed description of the product on the invoice – “silver lockets” as the product description is insufficient for customs purposes. The description must include

- Type of product (metal)
- Use of product (jewellery – not ornaments, under heading 7114)
- Condition (new – not antiques, which are classified in chapter 97)
- Manufacture (mass-produced – not works of art, also in chapter 97)
- Composition (silver – not base metal, in chapters 72-83)

Before your shipment arrives, a CBSA specialist can help you determine the duties you'll have to pay on the goods. You'll need to give CBSA a detailed description of the goods, and know their value and origin – see **Memorandum D11-11-1 National Customs Rulings**.

CBSA also offers **free seminars** on classification.

Links to online resources:

Customs Tariff

<http://www.cbsa-asfc.gc.ca/trade-commerce/tariff-tarif/menu-eng.html>

...includes **List of Countries and applicable tariff treatments**

<http://www.cbsa-asfc.gc.ca/trade-commerce/tariff-tarif/2008/01-99/countries-pays-eng.pdf>

Commodity Search

http://www.statcan.ca/trade/scripts/trade_search.cgi

Memorandum D11-11-1 National Customs Rulings

<http://www.cbsa-asfc.gc.ca/E/pub/cm/d11-11-1/README.html>

CBSA seminars

<http://www.cbsa-asfc.gc.ca/events-evenements/menu-eng.html>

3.5 Import cost and ultimate pricing

The import **cost** of the goods includes more than the purchase price of the goods themselves:

- The total cost will include the cost of packing, transport, insurance and customs duties.
- The exchange rate may fluctuate between your placing the order, and paying for it.
- The method of payment may involve additional costs – for example, your bank may charge you for making a foreign currency payment.
- Delays in goods arriving at specified points en route may result in additional charges – for example, unanticipated storage costs.
- Canada Border Services Agency may examine your shipment, incurring costs.
- There may be penalties for incorrect documentation or late accounting, or interest owed on late payment of duties.
- GST (goods and services tax) is payable on most goods at the time of importation.
- Excise tax or excise duty may be payable – for example on tobacco and alcohol products.

The **price** you set for your goods in the Canadian market should take into account all costs that are additional to the purchase price, as well as your profit margin.

Product Costing Worksheet

Reference number:
Name of supplier:
Address:

Product:
Unit volume quoted:
Gross weight:
Cubic measure:

RESPONSIBILITY:

IMPORTER COST:

	<i>Supplier</i>	<i>Importer</i>	<i>Canadian \$</i>
Foreign charges			
Unit cost			
Overseas agent's commission			
Export packaging			
Labelling			
Factory loading charges			
Transport charges			
Cartage			
Freight to port			
Outbound customs brokerage fees			
Unloading charges			
Terminal charges			
Storage fees			
Loading charges			
Ocean freight			
Marine insurance			
All risks insurance			
Forwarding agent's fee			
Border charges			
Customs duties			
Goods and Services Tax			
Excise tax			
Customs broker charges			
Other charges			
Bank charges			
Financing charges			
Provincial tax			
TOTAL COST			

Source: adapted from *Importing Into Canada*, I.E. Canada, 2005.

3.6 Paying Your Supplier

There are four main methods for paying foreign suppliers for the goods you import from them:

Methods of payment:	
<input type="checkbox"/>	Open account
<input type="checkbox"/>	Documentary collection
<input type="checkbox"/>	Letter of credit (LC)
<input type="checkbox"/>	Advance payment

For importers, the risk increases as you move down the list.

Open account

- The supplier ships goods and passes title to the goods to the importer, and then requires payment within an agreed period (30, 60, 90 days or even longer).

Documentary collection

- When the goods are shipped, the supplier sends the shipping documents to the importer's bank. Next, the importer pays the bank with a sight or term draft, in exchange for the documents. The importer then has title to the goods.

Letter of credit (LC)

- Letters of credit provide some security to both supplier and importer, because they rely on the supplier's bank *and* the importer's bank to receive and check shipping documents, and to guarantee payment. The importer's bank guarantees to pay when presented with a set of specified export documents by the supplier's bank. The bank guarantee is an added cost.

Advance payment

- The supplier ships only when payment has been received – this is also known as “cash in advance”.

Open account trading is the least risky – you only pay after receiving the goods. But few foreign companies are willing to wait so long for payment.

Advance payment is the most risky – there is a chance you'll pay but not receive the goods.

Payment methods and terms are frequently a matter of negotiation. For example, you might offer the supplier an import letter of credit, in return for an extended payment period, to match your cash flow requirements.

3.7 Import Letter of Credit (LC)

An import letter of credit is a document issued by major bank on behalf of an importer, or buyer. The import LC guarantees an exporter payment for goods and services, provided the terms of the LC have been met. It is one way to ensure that your company doesn't pay for goods until the supplier provides evidence that the goods have been shipped.

By using an import letter of credit for your international purchases, you can:

- Avoid advance payments or deposits
- Possibly negotiate a better price from your supplier, since your payment is guaranteed
- Demonstrate your company's creditworthiness to the supplier
- Support your supplier's access to bank credit, since in many countries, letters of credit are pledged by exporters as security against working capital loans.

Confirmed LC

- LCs can be *confirmed* or *unconfirmed*. For example, a foreign bank can confirm an LC issued by a Canadian bank, thus guaranteeing that the foreign bank will pay the foreign supplier. Obviously, the foreign supplier will prefer to have a confirmed LC.

Irrevocable LC

- LCs can also be *irrevocable*, in which case they can't be cancelled or amended without your approval.

TIP: The most secure form of LC is both confirmed and irrevocable.

Study the LC details carefully:

- Are the importer's and supplier's names complete, and spelled correctly?
- Are the amount and currency of the LC correct?
- Are the shipping and expiry dates acceptable?
- Is the time period for presentation of the documents sufficient?
- Are the goods or services to be supplied described accurately?
- Are the insurance specifications acceptable?

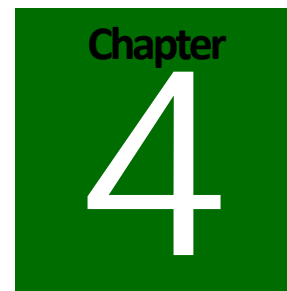
Other financial considerations

- Payment methods can have a major impact on your cash flow.
- You will need a comprehensive financial plan, to ensure that your company has sufficient cash or operating lines of credit.
- You'll need to know the timing of inflows and outflows
- Banks offer import finance packages to bridge the period between paying for your imports, and receiving payment when you sell the goods on to your customers.

TIP: Check the Canadian **trademark** database (<http://www.ic.gc.ca/tm>) to determine if the product brand name will be allowed in Canada – if not, you may have to change product literature as well as labels. If a similar brand name is already trademarked in Canada, consult a trademark lawyer.

“ Even if you use third parties, you need to know the underlying cost of every part of the import process.”

– International trade advisor



Logistics and Other Partners

Many services are available to help companies involved in global trade with their logistics functions, including security requirements, financial documentation, packaging, labelling and transport.

For the importer, there may be many service providers and multiple modes of transportation.

4.1 Customs brokers

Customs brokers are licensed by Canada Border Services Agency (CBSA) to carry out customs-related responsibilities on behalf of the companies who are their clients. Importers may clear their own goods through Customs, but most importers use a customs broker to pull together all the required information and documents, and to clear the goods through customs.

Using a customs broker can often speed up the clearance process, since most brokers have the online systems to submit paperwork ahead of time.

A customs broker's services include:

- Monitoring the status of shipments
- Obtaining release of imported goods
- Paying any duties that apply
- Obtaining, preparing and presenting or transmitting the necessary document or data
- Maintaining records, and
- Responding to any CBSA concerns after payment
- Advising the importer on changes in customs regulations.

The broker will charge a fee for these services, either a fixed charge or based on the value of the goods.

Finding a customs broker:

Canadian Society of Customs Brokers (CSCB)

On the CSCB website is a directory of member brokers
http://www.cscb.ca/040/md_e.asp

Export and Import Controls Bureau (EICB)

EICB maintains a list of brokers which have access to the online permit application system of Foreign Affairs & International Trade Canada.
<http://www.dfait-maeci.gc.ca/trade/eicb/general/brokers-en.asp>

Yellow Pages

In your telephone book or online, look under “Customs brokers”
<http://www.yellowpages.ca>

TIP: On the CSCB website is a useful guide to **selecting a customs broker**,
See http://www.cscb.ca/070/pb_fs02_e.html .

4.2 Freight forwarders, 3PLs and couriers

Freight forwarders

Freight forwarding is the process of transporting goods internationally. This can include multiple modes of transport, as well as paying fees and insurance charges on behalf of the importer. Freight forwarders are also an important part of the supply chain from a security viewpoint.

A freight forwarder’s services include:

- Assisting with freight quotes
- Booking space for freight on airlines, ships and other modes of transport
- Consolidating shipments from different suppliers
- Meeting the documentary requirements of the destination country

- Preparing shipping documents, banking and other collection papers necessary in the transaction
- Processing shipping documents
- Handling certification procedures
- Distributing documents to the necessary parties in the transaction – banks, offices, buyers, suppliers, etc.
- Arranging for insurance coverage
- Arranging for pre-shipment inspections and customs clearance
- Providing warehouse facilities
- Providing information on hazardous materials, if necessary

TIP: When the service provider acts as both customs broker and freight forwarder, coordination of shipment clearance will be improved. Delays are common, however, even with an experienced freight forwarder.

Third party logistics providers (3PLs)

A third party logistics provider (3PL) is a firm that provides outsourced or “third party” logistics services. The 3PL will undertake activities such as

- Pick and pack
- Warehousing
- Distribution
- Tracking and tracing
- Specific packaging
- Providing a customized security system

Finding a freight forwarder or 3PL:

Canadian International Freight Forwarders Association (CIFFA)

On the CIFFA website is a members directory, searchable by province
http://www.ciffa.com/members_directory.asp

TIP: On the CIFFA website is a publication outlining **standard trading conditions**, i.e. the roles and responsibilities of freight forwarder and client company. See http://www.ciffa.com/about_stc.asp .

Couriers

You may prefer to use a courier service, if the shipment is not of high value.

Canada Border Services Agency (CBSA) offers a **Low-Value Shipment program (LVS)** for imports valued at less than \$1600 CDN.

One advantage of the LVS program is that the importer can submit a monthly accounting report to CBSA, rather than accounting for each shipment individually.

Canada Post

Canada Post will also deliver any commercial imports valued at less than \$1600 CDN, see the **Customs Requirements** in Canada Post's Postal Guide.

On the importer's behalf, Canada Post completes Form E14 Customs Postal Import Form, which shows the tariff classification, duty rate, value for duty, and total duty and taxes owing. Canada Post clears the goods, and charges \$5 (\$8 for priority post shipments) for the service – see **Memorandum Series D5**.

Links to online resources:

Low Value Shipments (LVS)

<http://www.cbsa-asfc.gc.ca/import/courier/lvs-efv/menu-eng.html>

Canada Post – Customs requirements

<http://www.canadapost.ca/tools/pg/manual/PGcustoms-e.asp>

Memorandum Series D5 (importing by mail)

<http://www.cbsa-asfc.gc.ca/publications/dm-md/d5-eng.html>

Warehousing

You may also need the services of a bonded warehouse or a sufferance warehouse.

If the imported goods are destined for re-export, you can store them in a *bonded warehouse*, with deferral of all duties including GST. The goods may undergo value-added alterations while in bond: labelling and marking, packaging, testing, diluting cutting or trimming, disassembly transportation purposes.

Sufferance warehouses are licensed by Canada Revenue Agency for short-term storage and examination of imported goods pending release from Customs.

4.3 Security of the Supply Chain

It is important to investigate the security programs that your various service providers may have in place.

Supply chain security programs:	
PIP Partners in Protection	A voluntary program run by CBSA, in which participating companies improve their own security, submit to inspection by PIP officials, and attest to the security of their supply chain partners.
ACI Advance Commercial Information	Importing companies provide electronic documentation to CBSA prior to the arrival of the shipment. The first phases of ACI covered air and sea carriers. The final phase, eManifest , requires electronic information on cargo, crew and conveyance for all modes of transport, and so applies to importers and customs brokers as well as freight forwarders.
TDG Transportation of Dangerous Goods	TDG legislation covers training requirements for all elements of shipping dangerous goods, from handling the goods to labeling and documentation. The TDG Directorate of Transport Canada is responsible.
CSI Container Security Initiative	Part of a multinational program, CSI involves CBSA officials examining cargo containers before they are loaded onto a Canada-bound ship.

Most supply chain security measures involve

- Ensuring each partner in the supply chain is secure
- Advance notification to Customs of the contents of arriving shipments
- Screening and inspection of shipments in transit, and
- Inspection of shipments on entry.

These programs have counterparts in other countries. The ones Canadian importers are likely to encounter are:

- **C-TPAT** Customs-Trade Partnership Against Terrorism, in the United States, and
- the **SAFE** Framework of the World Customs Organization, in which participating companies (including importers, carriers and other service providers) are certified as “authorized economic operators” (AEO).

Links to online resources:

PIP

<http://www.cbsa-asfc.gc.ca/security-securite/pip-pep/menu-eng.html>

ACI

<http://www.cbsa-asfc.gc.ca/prog/aci-ipecc/menu-eng.html>

eManifest

<http://www.cbsa-asfc.gc.ca/prog/manif/menu-eng.html>

TDG

<http://www.tc.gc.ca/tdg/menu.htm>

CSI

<http://www.cbsa-asfc.gc.ca/security-securite/csi-irsc-eng.html>

Additional benefits of security compliance:

- **CSA – Customs Self Assessment** CSA participants use their own systems to declare shipments, and have streamlined clearance processes, increasing efficiency and cost savings.
- **FAST – Free And Secure Trade** Companies participating in both PIP and CSA may participate in the FAST program, which provides special FAST lanes at the border, for expedited clearance.

There are security companies who can help you ensure that your part of the supply chain is secure, and evaluate your logistics partners.

Finding a security company:

Yellow Pages

In your telephone book or online, look under “security companies”
<http://www.yellowpages.ca>

Export Development Canada (EDC)

EDC approves security companies under a program it offers to *exporters*
http://www.edc.ca/english/financing_9798.htm

4.4 Government agencies and associations

In addition to commercial service providers such as customs brokers, logistics companies, warehousing and fulfillment services, there are other organizations that will be helpful when you are planning to import (see **Appendix B**):

- **Small business centre** – Your municipality will have a small business centre where you will find company directories, courses on importing, and business advisors who can help with your business plan.
- **Bilateral business association** – Companies who are members of bilateral business associations are often willing to provide insights into doing business in foreign countries – look under “associations” in the Yellow Pages, especially in Ottawa and other major cities.
- **Embassies** – Embassies of foreign governments in Canada can provide information on potential suppliers.
- **Chamber of commerce** – Go to a meeting of your local chamber of commerce to meet other local companies who are importing, who may share their insights and experiences.
- **Industry association** – your industry association may have expertise in regulatory issues affecting your sector, including import regulations.
- **Provincial government** – Provincial and regional government agencies offer services to assist business.

- **Federal government** – Federal government agencies including Canada Border Services Agency (CBSA), **Canadian Food Inspection Agency** (CFIA) and the **Competition Bureau**, among others, can provide assistance on specific issues relating to importing, inspecting, and labeling.

TIP: CBSA has several guides in the **SME Centre** on its website. CBSA also offers **free seminars** on importing.

Links to online resources:

Canadian Food Inspection Agency – Food imports

<http://www.inspection.gc.ca/english/fssa/impe.shtml>

Canadian Food Inspection Agency – Plant imports

<http://www.inspection.gc.ca/english/plaveg/impe.shtml>

Competition Bureau – Labelling

<http://www.competitionbureau.gc.ca/epic/site/cb-bc.nsf/en/01436e.html>

CBSA SME Centre

<http://www.cbsa-asfc.gc.ca/sme-pme/import-sme-pme-eng.html>

CBSA free seminars

<http://www.cbsa-asfc.gc.ca/events-evenements/menu-eng.html>

In particular, you should be aware of the other government agencies (OGDs) that regulate imports, in addition to the CBSA. Contact information for many of these organizations is provided in **Appendix B**.

Customs Documentation & Clearance

Customs documents are the set of documents required by a customs authority to accurately and completely identify goods which are being imported. Some of the documents will come from the supplier, others will be provided by the carrier.

5.1 Accounting package

You must submit a final accounting package with your shipment.

Contents of the accounting package:
Two copies of the cargo control document (CCD)
Two copies of the invoice
Two copies of a completed Form B3 – Canada Customs Coding Form
Any import permits, health certificates, or forms that other federal government departments (OGDs) may require
If necessary, Form A – Certificate of Origin

TIP: Make sure you have contacted the appropriate OGDs *before* the goods are shipped, so that you have time to obtain the necessary documentation.

Cargo Control Document

Your carrier uses the Cargo Control document to report your shipment to Canada Border Services agency (CBSA), and will also send you a copy to inform you that your shipment has arrived. The cargo control document may also take the form of a manifest, waybill or other approved document.

Customs Invoice

The importer and seller should work together, if possible, to complete the customs invoice, as the information on this document will determine the duties and taxes owing. You can avoid later reassessments by ensuring that the invoice has enough detail to identify the goods, determine the quantity, and establish the tariff classification correctly.

The invoice can be

- A Canada Customs Invoice (CCI), completed by either you or the seller (for instructions on how to complete the CCI, see **Memorandum D1-4-1**); or
- A commercial invoice containing the same information as a CCI; or
- A commercial invoice which indicates the buyer, seller, country of origin, price paid or payable, and a detailed description of the goods, including quantity, *plus* a CCI that provides the remaining information.

Form B3 Canada Customs Coding Form

To account for commercial goods, you have to document the importation on **Form B3 Canada Customs Coding Form**.

As a new importer, you may need help completing Form B3 – determining some of the elements, including tariff classification, value for duty, and the origin of your goods, can be complex.

Brochure RC4229 **Importing Commercial Goods Into Canada** provides step-by-step instructions on how to complete Form B3.

TIP: CBSA offers **free seminars** on completing form B3

Links to online forms and guides:

Memorandum D1-4-1, Canada Customs Invoice Requirements
<http://www.cbsa-asfc.gc.ca/publications/dm-md/d1/d1-4-1-eng.html>

Form B3, Canada Customs Coding Form
<http://www.cbsa-asfc.gc.ca/E/pbg/cf/b3-3/README.html>

Importing Commercial Goods Into Canada
<http://www.cbsa-asfc.gc.ca/publications/pub/rc4229-eng.html>

CBSA free seminars
<http://www.cbsa-asfc.gc.ca/events-evenements/menu-eng.html>

Form B3 – Canada Customs Coding Form includes:

- Your importer name and import/export account number
- A description of the goods
- The direct shipment date
- The tariff treatment
- The country of origin
- The value for duty
- The appropriate duty or tax rates; and
- The calculation of duties owing.

Certificate of origin

The country of origin must be clearly indicated on the goods.

Canada Border Services Agency (CBSA) uses the certificate of origin to support the tariff treatment you claim on Form B3. Certificates of origin for NAFTA, CIFTA or CCFTA apply if you are claiming lower customs duty rates under those free trade agreements.

Forms and guides relating to proof of origin are in **Memorandum Series D11**.

Form A – Certificate of Origin, or the Exporter's Statement of Origin, apply to goods covered by the General Preferential Tariff or the Least Developed Country Tariff.

Links to online forms and guides:

Memorandum Series D11

<http://www.cbsa-asfc.gc.ca/publications/dm-md/d11-eng.html>

Form A, Certificate of Origin

<http://www.cbsa-asfc.gc.ca/E/pub/cm/d11-4-2/README.html> (see page 11)

5.2 Importer of Record

The importer of record is the party who is

- responsible for the payment of all duties and taxes to Canada Border Services Agency (CBSA);
- responsible for the accuracy of the information presented to CBSA;
- liable for any fines or penalties resulting from missing or inaccurate information.

Even if you use a customs broker or freight forwarder or other service provider to prepare the paperwork and clear the goods, you are responsible for producing the correct documents, accurately completed, when required.

The importer of record may also claim **input tax credits** with respect to GST paid on goods imported into Canada.

Importance of accurate completion

Completing forms accurately and honestly will mean faster release of your goods. Your compliance record, as well as the type of goods you are importing, will affect the frequency of CBSA examinations of your imported shipments.

If your goods are examined, you may incur additional charges, such as the costs associated with loading and unloading cargo.

In particular, it is important to declare the **value for duty** correctly. This is basically the price you paid for the goods, converted into Canadian funds. **Memorandum Series D13** covers valuation.

If you have consolidated shipments – that is, two or more shipments, possibly with different products, dispatched together under one bill of lading – you must provide details of all products. This is important even if your supplier has enclosed non-commercial goods, such as samples, in the commercial shipment.

Links to online forms and guides:

Input tax credits

<http://www.cra-arc.gc.ca/E/pub/gl/p-125/README.html>

Memorandum Series D13 (valuation)

<http://www.cbsa-asfc.gc.ca/publications/dm-md/d13-eng.html>

Record-keeping

You are responsible for keeping all records on reporting, releasing, accounting and paying for the imported goods, for 6 years after the year you import the goods. Even if a customs broker clears your shipment, you should keep the records yourself.

Records that are created **electronically** are recognized by Canada Border Services Agency (CBSA), so long as there are supporting source documents or hard copy documents, and the electronic records can be produced as “accessible and readable copy”.

Documentation that originates in **paper format** must be kept as such, though permission to microfilm can be obtained from CBSA.

Your carrier must keep paper or electronic records for three years, including charts of accounts, trip, movement history reports and bills of lading.

5.3 Electronic documentation and online service

Increasingly, EDI (electronic dissemination of information) processes are becoming the norm in importing into Canada. For example, Canada Border Services Agency’s programs using EDI include Advance Commercial Information (ACI) and Customs Self Assessment (CSA), security-related programs described in Chapter 4.

One of the advantages of using a customs broker, freight forwarder or 3PL company is that they will already be familiar with these options, which are faster and more convenient than paper.

Banks also have online systems to help with import letters of credit and other import-related financial transactions.

CBSA's EDI services:	
ACROSS Accelerated Commercial Release Operations Support System	You transmit release and invoice data by EDI. ACROSS is being upgraded to an "OGD single window interface", encompassing OGD requirements as well as the customs documents required by CBSA.
PARS Pre-Arrival Review System	You submit the appropriate documentation up to 30 days, but at least one hour, before the goods arrive in Canada, and the release documentation is ready when the goods arrive.
RFD Release on Full Documentation	You submit release and accounting information in a single EDI transmission either before, or when, a shipment arrives, and defer the payment of duties and taxes to a later date (usually on a monthly basis).
CCEPS Commercial Cash Entry Processing System	A self-serve system at some CBSA offices – you input the import details of your goods, and CCEPS calculates the applicable duties and taxes, which you then pay and take delivery of your goods.
CADEX Customs Automated Data Exchange	For goods already released, you transmit your accounting documents electronically to CBSA. You can also use CADEX to query certain CBSA files, receive accounting data, and receive release notifications.

5.4 Release of goods

Canada Border Services Agency (CBSA) processes most shipments at the border (highway border, rail border, international airport, seaport or customs mail centre).

The carrier reports your shipment to CBSA when it arrives at the international border entry point, or increasingly, prior to arrival. Your carrier reports the goods either on an approved cargo control document (CCD), or in the case of marine and rail shipments, electronically submits the cargo information using EDI, before arrival at the Canadian border.

The goods are “released” when you have paid the duties and taxes owing.

You can choose to have CBSA release the goods at an inland office – a customs office not located at the border. For example, your shipment will arrive at Fort Erie, Ontario, but you want CBSA to release it to you in Toronto. In this case, your carrier reports the goods at Fort Erie, but must be a bonded carrier (have posted security with Customs) to carry non-duty-paid goods to one of the approved inland offices in Toronto.

Release of goods:

- Release with full accounting payment – cash option
- Release on minimum documentation – RMD

Cash option – You may take delivery of your goods immediately, when you

- Have a Business Number and an Importer/Exporter account
- Have a complete accounting package
- Pay the duties and taxes owing, with cash or certified cheque

RMD – CBSA may release the goods *before* you have accounted for them and paid duties on them, when you

- Electronically report your shipment
- Post an approved amount of security with the CBSA
- Account for shipments within 5 days
- Pay duties and taxes owing based on a monthly bill from CBSA
- Have met the requirements of other government departments (OGDs)

5.5 Duties Relief, & Dispute Resolution

Canada Border Services Agency (CBSA) has some duties relief programs that may reduce, eliminate or defer duties on some goods.

Drawback and duty referral

- Memorandum Series D7 describes programs that allow drawback or deferral of duties paid on goods that you use in a manufactured product that is subsequently exported.

Refunds

- Memorandum Series D6 explain the circumstances under which you can claim a refund of duties on goods that are exported, or for defective goods, shortages, or goods returned to the foreign supplier for credit.

Temporary imports

- Temporary imports may be duty-free, for example goods imported for a trade show, goods returning from warranty repairs in the United States, or emergency goods – see Memorandum Series D8

Dispute resolution

You may ask for a review of most decisions made by CBSA with respect to tariff classification, origin or value for duty, no later than 90 days after the original decision. Generally you use **Form B2** Canada Customs – Adjustment Request. The dispute resolution process is described in **Memorandum D11-6-7**.

Links to online guides:

Drawback and duty deferral

<http://www.cbsa-asfc.gc.ca/publications/dm-md/d7-eng.html>

Refunds

<http://www.cbsa-asfc.gc.ca/publications/dm-md/d6-eng.html>

Temporary imports

<http://www.cbsa-asfc.gc.ca/publications/dm-md/d8-eng.html>

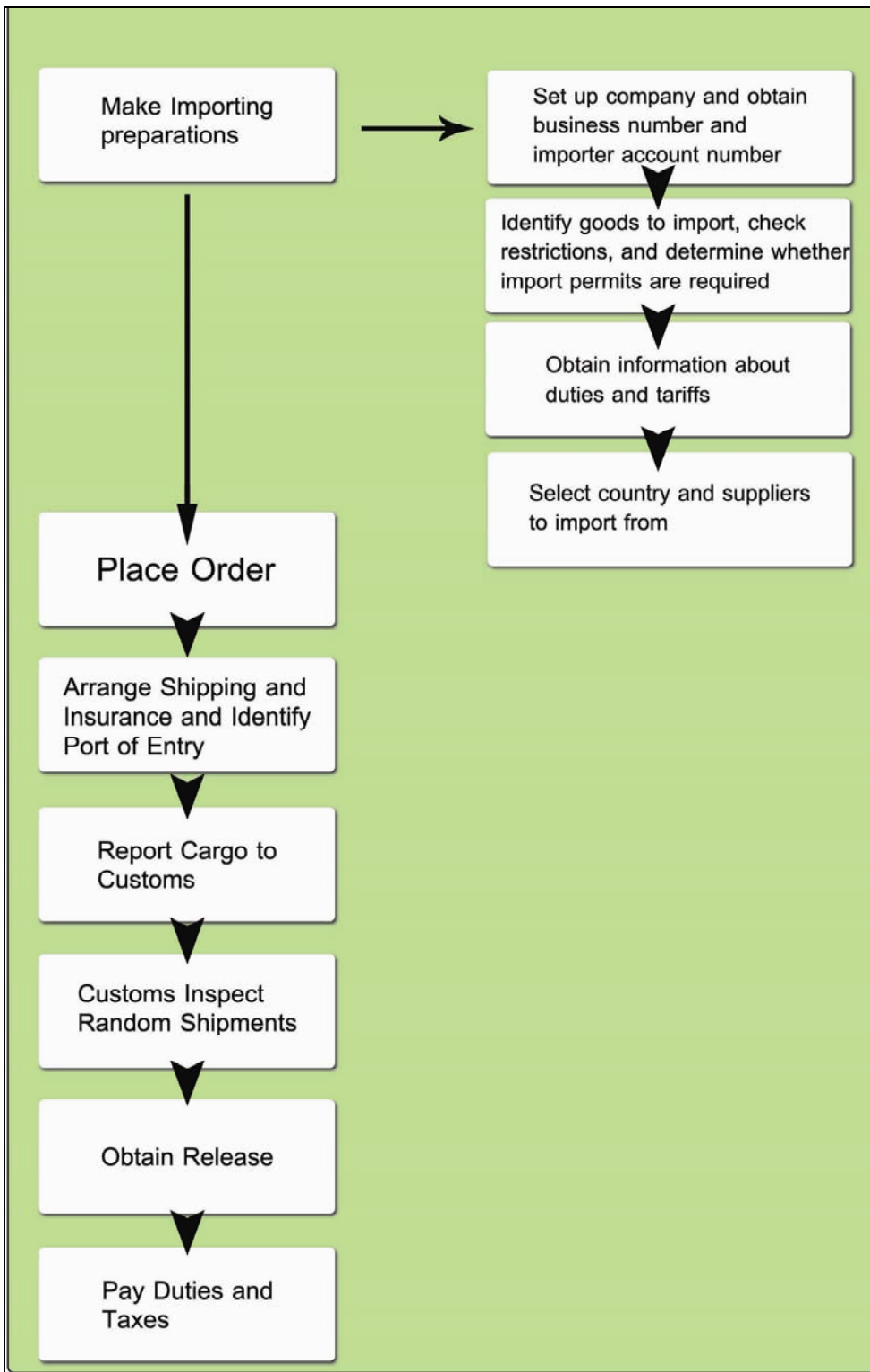
Form B2 Canada Customs – Adjustment Request

<http://www.cbsa-asfc.gc.ca/publications/forms-formulaires/b2.pdf>

Dispute resolution

<http://www.cbsa-asfc.gc.ca/E/pub/cm/d11-6-7/README.html>

Summary: The Importing Procedure



Checklist for Importing Commercial Goods

Source: Canada Border Services Agency

Before importing:

- Obtain your Business Number (BN) with Import/Export account
- Know the type of goods you want to import
- Identify the country of origin, manufacture and export
- Determine whether the goods are controlled, regulated or prohibited by the Canada Border Services Agency (CBSA) or any other government department or agency.
- Determine the 10-digit tariff classification number and the applicable rate of duty for your goods from the Customs Tariff
- Determine the value for duty
- Determine whether the goods are subject to any other duties or taxes
- Verify whether the GST (goods and services tax) is applicable
- Select the method of shipping and communicate with your transportation company on cross-border requirements.
- Determine if you are using the services of a broker or freight forwarder, and determine any associated costs.

To import:

- Obtain invoices, certificates of origin and other required documents
- Ensure that the goods are marked and labeled as required
- Await notification that your shipment has arrived. Shipments arriving by mail or courier, and valued at less than CAN \$1600 may be assessed and cleared by the CBSA or the courier company
- Submit the required CBSA documents and pay duties and taxes, before the goods are released

Please Note:

- The shipment may be examined by government officials
- You can adjust your CBSA documents if errors are made during the release process
- The Administrative Monetary Penalty System (AMPS) secures compliance with CBSA legislation
- Keep records of your imports for six years after the year you imported the goods

Sources of Assistance

Federal Government Agencies	
Canada Business network http://www.canadabusiness.ca (click on Importing)	Export and Import Controls Bureau http://www.international.gc.ca/eicb/
Canada Border Services Agency http://www.cbsa-asfc.gc.ca	Statistics Canada http://www.statcan.ca (click on Imports and Exports)
Industry-specific Agencies	
Agriculture and Agri-Food Canada http://www.agr.gc.ca	Competition Bureau http://competitionbureau.gc.ca (product labelling)
Canadian Food Inspection Agency http://www.inspection.gc.ca	Environment Canada http://www.ec.gc.ca (hazardous materials, endangered species, ozone-depleting substances)
Canadian Heritage http://www.canadianheritage.gc.ca (cultural property)	Health Canada http://www.hc-sc.gc.ca (drugs and health products, consumer products, nutritional labelling)
Canadian Intellectual Property Office http://cipo.gc.ca (trademarks, patents, copyright)	Industry Canada http://www.ic.gc.ca
Natural Resources Canada http://www.nrcan.gc.ca/mms/explosif/ (explosives)	Transport Canada http://www.tc.gc.ca (vehicles, tires)
Office of Energy Efficiency http://www.oee.nrcan.gc.ca	

Regional Development Agencies

Atlantic Canada Opportunities Agency http://www.acoa.ca	Western Economic Diversification Canada http://www.wd.gc.ca
Canada Economic Development (Quebec) http://www.dec-ced.gc.ca	FedNor (Northern Ontario) http://fednor.ic.gc.ca

Provincial Government Agencies

Small Business BC http://www.smallbusinessbc.ca	Business New Brunswick http://www.gnb.ca/0398
Alberta Employment, Immigration and Industry http://www.alberta-canada.com	Prince Edward Island Business http://www.peibusinessdevelopment.com
Saskatchewan Enterprise & Innovation http://www.ei.gov.sk.ca	Newfoundland & Labrador: Innovation, Trade & Rural Development http://www.intrd.gov.nl.ca
Manitoba http://www.gov.mb.ca/business	Nunavut: Department of Economic Development & Transportation http://edt.gov.nu.ca
Ontario Ministry of Small Business & Entrepreneurship http://sbe.gov.on.ca	North West territories: Industry, Tourism & Investment http://www.iti.gov.nt.ca/iea
Québec: Développement Économique, Innovation et Exportation http://www.mdeie.gouv.qc.ca	Yukon Economic Development http://www.economicdevelopment.gov.yk.ca

Liquor control boards:

Consult the blue pages of your telephone directory.

A useful summary is at <http://www.thekirkwoodgroup.com/boards/>

Trade Representatives in Canada

Below are listed the trade representatives for Canada's major trading partners. For a complete list of foreign representatives in Canada, see <http://w01.international.gc.ca/Protocol/main-en.asp>

Brazil http://www.consbrastoronto.org	Korea, Republic http://www.kotra.ca
China http://www.chinaembassyCanada.org/eng/	Mexico http://www.sre.gob.mx/canadaingles/
France http://www.ambafrance-ca.org	Norway http://www.emb-norway.ca/info/trade.htm
Germany http://www.german-business-portal.info/	Taipei Economic & Cultural Office http://www.taiwan-canada.org
India http://www.hciottawa.ca/taip.htm	United Kingdom trade@uktradeinvestcanada.org
Italy http://www.ambottawa.esteri.it	United States of America http://www.usatrade.gov/canada
Japan External Trade Organization http://www.jetro.go.jp/canada	

Bilateral Business Associations:

There are many bilateral business associations. Below are listed associations for Canada's major trading partners.

American Chamber of Commerce in Canada http://www.amchamcanada.ca	Brazil-Canada Chamber of Commerce http://www.ccacanada.com/bcc http://www.brazcan.org
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British Canadian Chamber of Trade and Commerce http://www.bcctc.ca	French Chamber of Commerce in Canada http://www.ccife.org/canada
Canada-China Business Association http://www.ccba.bc.ca	Indo-Canada Chamber of Commerce http://www.iccc.org
Canada China Business Council http://www.ccbc.com	Italian Chamber of Commerce in Canada http://www.iccbc.com
Canada-India Business Council http://www.canada-indiabusiness.ca	Japan-Canada Chamber of Commerce http://www.jc-coc.com/jc-coc
Canada Korea Business Association administrator@transpacfibre.com	Mexico-Canada Chamber of Commerce ccmcto@yesic.com ccmco3@hotmail.com
Canadian German Chamber of Industry & Commerce http://www.germanchamber.ca	
Industry associations	
Associations Canada Grey House Publishing Canada http://www.greyhouse.ca/assoc.htm	Scott's Canadian Associations Scott's Directories http://www.scottsdirectories.com/product.asp?id=229

Glossary

General Terms:	
All risk	The most comprehensive type of transportation insurance, providing protection against all loss or damage from external causes.
Anti-dumping duty	A special duty imposed to offset the price effect of dumping that has been determined to be materially harmful to domestic producers. (See also Dumping)
Arbitration	The process of resolving a dispute or a grievance outside of the court system, by presenting it to an impartial third party or panel for a decision that may or may not be binding.
Area Control List	A list of countries from which any import requires an import permit.
Bid bond	When a seller is bidding on a foreign contract, a bid bond guarantees that the seller will take the contract if the bid succeeds. A seller who refuses the contract must pay a penalty equal to the amount of the bond.
Bill of lading	A contract prepared by the carrier or the freight forwarder with the owner of the goods. The buyer needs this document to take possession of the goods.
Business Number	Unique identifier for a Canadian company, used by major revenue programs such as GST and corporate income tax.
Cash in Advance / advance payment	A buyer pays a seller prior to receiving the product. It is the most risky form of payment from the importer's perspective.
Certificate of origin	A document that certifies the country where the product was grown, manufactured or produced.
Commercial invoice	A document prepared by the seller or freight forwarder, and required by the buyer, to prove ownership and arrange for payment to the seller. The commercial invoice is also used to assess customs duties.

Confirming house	A company based in a foreign country that acts as a the Canadian buyer's agent, and places confirmed orders with foreign sellers. They guarantee payment to the seller.
Consignment	Delivery of goods to the buyer or distributor, who agrees to sell the goods and only then pay the seller. The seller retains ownership of the goods until they are sold, but also carries all financial burden and risk.
Contract	A written or oral agreement which the law will enforce.
Copyright	Protection granted to authors and creators of literary, artistic, dramatic and musical works, and sound recordings.
Counter-trade	The sale or barter of goods on a reciprocal basis.
Countervailing duties	Additional duties imposed by an importing country to offset government subsidies in an exporting country, when the subsidized imports cause material injury to domestic producers in the importing country.
Customs broker	An individual or firm licensed by Canada Border Services agency to clear goods through Customs on behalf of another individual or firm.
Customs declaration	A document that traditionally accompanies traded goods. Required for statistical purposes, it accompanies all controlled goods being traded under a permit.
Customs invoice	A document used to clear goods through customs in the importing country, providing documentary evidence of the value of the goods. In some cases, the commercial invoice may be used instead.
D Memoranda	Legislation, regulations, policies, and procedures the Canada Border Services Agency uses to administer customs programs.
Dock receipt	A receipt issued by an ocean carrier to acknowledge receipt of a shipment at the carrier's dock or warehouse facilities. (see also Warehouse receipt.)
Document of title	A document that provides evidence of entitlement to ownership of goods, for example a carrier's bill of lading.
Documentary collection	The seller ships the goods to the buyer without a confirmed letter of credit or any other form of payment guarantee.
Draft / Bill of exchange	A written, unconditional order for payment from one party (the drawer) to another (drawee). A sight draft calls for immediate payment. A term drat requires payment over a specified period.

Dumping	The sale of an imported product at a price lower than that which it is sold within the exporting country. Anti-dumping duties may be equal to the difference between the export price and the normal value in the exporting country.
Ex factory	Used in price quotations, refers to the price of goods at the seller's loading dock.
Freight forwarder	A service company that provides a wide range of advisory, administrative, and physical services to shippers and to aid the international movement of goods.
Import Control List	Canadian regulation that identifies controlled products, for which an import permit is required.
Import/export account	Coding on the Business Number that identifies the Canadian company as an importer or an exporter.
Import permit	Document required to import products that are list on the Import Control List.
Incoterms	Standard shipping terms that set parameters for international shipments, specify points of origin and destination, outline conditions under which title is transferred from seller to buyer, and determine which party is responsible for shipping costs. They also indicate which party assumes cost if goods are lost or damaged in transit.
Insurance certificate	A document prepared by the seller or freight forwarder to provide evidence that insurance against loss or damage has been obtained for the goods.
Intellectual property	A collective term used to refer to the new ideas, inventions, designs, writings, films and so on, protected by copyright, patents and trademarks.
Landed cost	The cost of the imported product at the port or point of entry into the importing country, but before the addition of duties, local taxes, local packaging and assembly costs. Product modifications made prior to shipment are included in the landed cost.
Letter of credit	A financial instrument issued by a bank on behalf of an importer that guarantees the seller payment for goods or services, provided the terms of the credit are met.
Low value shipment	Shipment valued at less than \$1600 CDN, which qualifies for simplified customs clearance procedures.
OGDs	Other Government Departments, whose regulations are enforced by Canada Border Services Agency with respect to imported goods.

Open account	An arrangement under which goods are shipped to the Canadian buyer before the foreign seller receives payment. It is the least-risk form of payment from the importer's perspective.
Packing list	A document prepared by the seller showing the quantity and type of merchandise being shipped.
Patent	A right that entitles the patent holder, within the country that granted or recognizes the patent, to prevent all others for a set period of time from using, making or selling the subject matter of the patent.
Preferential tariff treatment	A tariff provision that reduces or eliminates tariffs on specific goods, under a free trade or other international agreement.
Pro forma invoice	An invoice prepared by the seller prior to shipping the goods, informing the buyer of the goods to be sent, their value, and other key specifications.
Quotas	Specific restrictions or limits imposed on the value or volume of imports of a specified product, for example to protect domestic producers and consumers from temporary shortages of the goods, or to bolster their price in world markets.
Quotation	An offer by the seller to sell the goods at a stated price and under stated conditions.
Subsidy	An economic benefit granted by a government to producers of goods, either direct (e.g. a cash grant) or indirect (e.g. low-interest export credits guaranteed by a government agency).
Surcharge / surtax	A tariff or tax on imports in addition to the existing tariff.
Tariff	A duty or tax levied on goods transported from one customs area to another.
Trademark	Legal protection of a word, logo, shape or design, which reflects the customer recognition of a particular product, company or brand.
Value for duty / Valuation	Valuation is the process by which the importer calculates the value for duty of the imported goods. The value for duty is the basis on which the duty is assessed.
Warehouse receipt	A receipt identifying the goods deposited in a recognized warehouse, either non-negotiable (i.e. specifying to whom the goods will be released) or negotiable (stating that the goods will be released to the bearer of the receipt).
3PL	Third party logistics company that provides outsourced logistics services.