



SPECTRUM Customs Border Services Inc.
Spectrumcbs.com

SHIPPING TO and FROM CANADA

An Importer/Exporter
Customs Guide

For
Canadian & non-resident companies



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Section 1

GETTING STARTED

IF READING ALL OF THESE PAGES IS NOT TO YOUR PREFERENCE, FEEL FREE TO CONTACT US AND WE WOULD BE PLEASED TO ASSIST YOU IN PERSONALLY ON THE TELEPHONE JUST CALL 289.548.5084 AND FOR THOSE OF YOU WHOM PREFER THE WRITTEN WORD READ ON.....

Becoming an importer is not difficult and the process is relatively simple. At Spectrum Customs Border Services Inc, we can guide you through the process and can advise you on the procedure in all avenues such as obtaining the required importer numbers, GST registration, documentation, quotas, costing and other government department requirements. In many cases, we can do it all for you.

The broker's fees are predicated upon the value, number of shipments and the complexity of the products being imported. Outlay of funds can also play a part in the fee structure, however, these can be eliminated with a suitable payment terms. And as with any other business such as yours discounts are offered with high volume and low maintenance importers and exporters. See our suggested brokerage fee schedule in section 7.

Many of the procedures required to become an importer can be accomplished by the customs broker, so please take this into consideration when reading the import requirements stated in the following pages.



Section 2

BECOMING AN IMPORTER

You must obtain an importer's number. This is not a license but rather a way to identify the company who is the importer. A company as well as an individual person can become an importer. To obtain an importer's number; if you are a Canadian company it is required that you give the broker your business and/or GST registration number. Often your importer's number will be an extension of the business number.

For U.S. or other foreign companies without established business numbers in Canada, this process requires completion of an application but it is relative simple.

With the completed application submitted to Canada Customs and Revenue Agency an importer's number can be obtained within a few hours.



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FREQUENTLY ASKED QUESTIONS (FAQ)

Q) Who can become an importer?

A) Anyone can be an importer

Q) Do I have to have a registered company?

A) No, you can import as an individual person or as a company

Q) Is the process difficult becoming an importer?

A) No, not at all

Q) Is importing costly?

A) While it is not as easy as buying from within Canada, it is often more cost effective. This is true particularly in Canada, due to our relatively small population. Going to the USA for example, with population approximately 10 times our size can bring definite advantages in costs because of the mass production there. The same holds true with other countries as well, taking into consideration for example their populations, labour costs and other factors. Currency differences can also play a part, negatively or positively.

Q) How do I source the product outside Canada, determine my costs and get it here?

A) This is where the customs broker can assist you. They can offer suggestions on government departments who already have foreign companies wishing to export to Canada or through the Foreign Trade offices source the companies for you. The broker can obtain the costs of duty, quotas if any, and transportation costs. The end result is a vast reduction in your costs, enhancing your competitiveness and profitability.



FREQUENTLY ASKED QUESTIONS (FAQ), continued

Q) How do I calculate my costs?

A) There's a section in this publication as to the method of calculating your costs and what the usual costs are. See section 9.

Q) Does paying the Goods and Services tax make me uncompetitive as a non-resident importer?

A) No, GST is applicable or exempt on the same products that you buy from Canadian sources. For the most part the same rules apply for tax credits.

Q) I'm not a Canadian company and I'll have to absorb the GST which will make me uncompetitive?

A) Not at all; you can register for GST or if you are low volume importer, you can obtain input tax credits through cooperation with your Canadian customer. They get a credit for it as well so there would be no reason for them not to cooperate.

Q) How do I know if my products are subject to duty?

A) We can offer you our opinion. However, if the products qualify for the trade agreements that we have with the USA, Mexico, Israel or Chile, Costa Rica and others they might well be free of duty.

If they are dutiable, the broker can assist you in determining what the rate of percentage will be.



FREQUENTLY ASKED QUESTIONS (FAQ), continued

Q) How do I find out what documents are required for importation?

A) Again, the broker can advise you on this. See the documentation section for a guide to the requirements.

Q) What is the Administrative Monetary Penalty System (AMPS)

A) This is a Canadian customs program where monetary penalties are assessed for importation and exportation non-compliance of the regulations. The penalties can be assessed against the Canadian importer/exporter, customs broker, warehouse or Transportation Company. There are literally hundreds of items which could be subject to penalties. A list of the infractions can be obtained from your broker or other service provider.

Q) My company is non-resident in Canada and I don't have a significant presence in Canada. Can I import into Canada while not maintaining an office or staff?

A) Yes, you can. Spectrum can advise you of your obligations.

Q) Is the customs broker licensed by the Canadian Government?

A) While we're not licensed by Canada Border Services Agency (CBSA), we are obliged to abide by regulations for customs brokers which are administered by the CBSA.

Q) What do I need to engage the services of a customs broker?

A) A customs broker requires authority from you to clear shipments on your behalf. The document needed is referred to as a General Agency Agreement

Q) Am I bound by a contract with the customs broker?

A) No, authority for the broker to clear shipments can be cancelled at any time



FREQUENTLY ASKED QUESTIONS (FAQ), continued

Q) How are the broker's fees assessed?

A) Usually by value and entry complexity

Q) When should I engage the services of a Spectrum?

A) It is advisable to do so at the onset of considering to import. In this way they can guide you through the process saving you valuable time.

Obtaining an Importer's number

Obtaining an Exporter's number

What is GST?

Registering for the GST

How much is the duty?

Is there any way to recoup GST paid on imports?

What value do I pay duty on?

What are the different methods for valuation?



DOCUMENTATION/FORMS

IMPORTS INTO CANADA:

	LOCATION	FILLABLE
Canada Customs Invoice (CCI)	Appendix A	www.spectrumcbs.com

The Canada Customs Invoice can be prepared by the importer, exporter or the customs broker based on the information provided in writing by the importer or exporter.

Commercial Invoice (CI)

The CI is prepared by the vendor as reflects the invoice for the shipment. This document can be used in place of the CCI, however, it must display extenuating information such as the number of cartons, skids, weight, product origin, currency of settlement, terms of sale and a detailed description of the products.

	LOCATION	FILLABLE
Certificate of Origin-Free Trade Agreements	Appendix B	www.spectrumcbs.com
Low Value Statement of Origin-NAFTA	Appendix C	www.spectrumcbs.com
Form A-Certificate of Origin	Appendix D	Fillable not available
Statement of Origin	Appendix E	Fillable not available
Phytosanitary Certificate	Appendix F	Fillable not available



GOODS AND SERVICES TAX (GST)

The Goods and Services Tax (GST) is essentially a consumer tax and is applicable on most products within Canada as well as products imported into Canada. By consumer tax we mean that everyone along the way who pays the tax receives it back in the form of an Input Tax Credit except for the consumer. Once you register and obtain a GST number, you can add the GST to your invoice for re-imbusement of the amount you remit to the Canadian government. Some products are exempt or zero rated such as basic grocery items, some health products but for the most part you can count on having to pay the GST. The calculation of the GST is based on the value, plus duty and calculated at 5% on the result.

Other means for re-imbusement of the GST is a flow through method, whereby the importer remits the amount to you based on proof of payment to the government. The SCBS can assist you in registering and guide you on the other methods of re-imbusement.

CALCULATING LANDED COSTS

In order to determine the costs of importing into Canada, you must take the following into consideration.

- Cost of Goods
- Cost of Transportation to Canada
- Duty Cost
- Warehousing or Storage fees (if any)
- Brokerage fees

Here is a sample calculation in Canadian Dollars

1000 DVD's at \$5.00 each. Rate of duty 6%, GST 6%. 10 cartons, 500lbs.



Cost of Goods	\$ 5,000.00
Freight cost to Canada	\$ 250.00
Duty	\$ 300.00
GST based on DPV (5,000.00 + 180.00)	\$ 310.80
Brokerage fees	<u>\$ 150.00</u>
<u>Total Landed Cost of Importing</u>	\$ 6010.80
<u>Total Unit Landed Cost</u>	\$ 60.11

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