

U.S. Commercial Services – “Shipping to Canada” Seminar Q&A – Dec.7, 2005

Q. What is the reason for any follow-up calls after the goods are already released? Isn't everything taken care of at the clearance point?

A. For shipments which are valued at less than \$1600CAD in most cases can clear through Customs under a special Low Value Shipment Program. This means the transport company can provide minimal information to Customs for the quick release of the goods, and notify the broker later for payment of applicable duties & taxes. As a result, any additional product information or details required to complete the Customs entry and remit payment to Customs will come after the goods have been released into Canada.

Q. Are the duty penalties that are charged (back as far as the past 4 years of importing that product) a part of the AMPS program?

A. Yes. Under Canada Customs legislation, the Canada Border Services Agency is permitted to enforce payment of duties for past imported goods. Any penalties that are issued as a result of this enforcement would fall under the AMPS (Administrative Monetary Penalty System). Please visit Canada Border Services Agency site for more information on AMPS. <http://www.cbsa-asfc.gc.ca/general/amps/menu-e.html>

Q. Blanket NAFTA – When multiple brokers are being used, does each broker need a copy of the blanket NAFTA? Or is there one place it can be submitted to any applicable broker?

A. Providing the importer with a copy of the completed NAFTA certificate is the best way to ensure you are not providing multiple copies to multiple brokers. It is the importers' responsibility to have possession and present this certificate, so they do require copies. In some instances, your importer may request you forward the certificate directly to their broker.

Q. On the costs used in calculating RVC ... what are the costs we are looking at? Manufacturing costs? Resale costs? How do I know which costs to include?

A. The transaction value is the sale value (or cost) of the product including packaging material and any discounts you are providing. The net cost means the total cost minus sales promotion, marketing and after-sales service costs, royalties, shipping, and packaging costs and non-allowable interest costs that are included in the total cost.

Q. Is the RVC determined on a per unit value? Or does it apply to the full shipment value?

A. This would apply to the unit value of the price you are trying to qualify for NAFTA. If you have a piece of computer software that you are selling for \$50.00 and your customer has purchased 100 of these for a total cost of \$5000.00, you would be using the \$50.00 in your calculation of RVC.

Q. Can you provide more detail or an example of "wholly obtained"?

A. Canada Customs has issued a brief document to help with NAFTA. The second bolded bullet point provides a more in depth description of "wholly obtained". You can access this document at this website <http://www.aacb.com/PDF/nafta/RulesofOrigin.pdf>

Corporate Office

■ Telephone: 604.538.1042 ■ Fax: 604.538.3994 ■ Email: service@aacb.com

Suite 101, 120-176th Street, Surrey, BC, Canada V3S 9S2

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Q. What if the U.S. exporter sends its own truck to the border with an invoice and NAFTA certificate, but no non-resident importer registration. Can the truck driver complete some forms at the border and keep driving to deliver the goods in Canada?

A. The driver can complete these forms provided he/she has written authority from the importer of record to be making this declaration on their behalf. If the Canadian company is acting as the importer of record, they would need to provide written authority to the driver. If the company this driver works for is acting as the importer of record, he/she would need to be able to prove their employment with that company, or indicate themselves personally as the importer of record. Any import numbers, business numbers and any other requirements of the importer can usually be taken care of when they cross the border. It is likely that unless one of these companies has a bond with Canada Customs, that funds for duties & taxes will be required up front.

If you have further questions please visit our Online Customer Care Centre at <http://aacb.custhelp.com>

Or contact:

Ron Ubels

Director Sales & Marketing

A & A Contract Customs Brokers Ltd.

p. 604.542.7233

f. 604.538.7429

ronubels@aacb.com

www.aacb.com

Corporate Office

■ Telephone: 604.538.1042 ■ Fax: 604.538.3994 ■ Email: service@aacb.com

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