



Canada: Temporary Entry of Goods

Tracey Ford
December 2008

Summary

Every day numerous commercial items enter Canada from the United States on a temporary basis. Canada Border Services Agency (CBSA) is the federal Government of Canada (GOC) organization with responsibility for overseeing importation of temporary goods into Canada. It is very important for U.S. exporters to have basic background knowledge on this topic. Considerable resources to determine entry status and procedures are available on the CBSA website, as well as through private sector customs brokers. U.S. companies exporting goods into Canada on a temporary basis should use these resources to expedite temporary entry into Canada and avoid unnecessary procedural delays. By being knowledgeable on this subject U.S. companies will be better able to serve their Canadian clients.

Special note: Since the following is intended to act as a guideline only, and, where regulations are known to change, the U.S. Commercial Service (USCS) assumes no responsibility for the outcome of any Temporary Import transaction undertaken by either a resident or non-resident importer. The USCS recommends that U.S. exporters check with either an experienced customs broker or with the CBSA for information relevant to the specific situation.

What Qualifies as a Temporary Import?

Any importer, i.e., a U.S. business person travelling to Canada, or his agent (customs broker) may consider classifying goods that will be imported temporarily under tariff item No. 9993.00.00. Generally, all goods being imported temporarily, so long as they are not being imported for sale, lease, further manufacturing or processing, will qualify for duty-free entry under tariff item No. 9993.00.00. For products of low value, such as goods whose customs duties equal CDN\$100 or less and where leaving the product in Canada would not incur a relatively high expense, the importer of record may wish to enter the goods on a permanent basis rather than go through the temporary import process.

Most goods entering Canada are subject to a federal Goods & Services Tax (GST). That tax rate is currently 5% and will be non-refundable unless the importer of record is a GST registrant. In this case the importer of record may be able to claim the GST as part of the import tax credit. As of June 11, 2007, Canada lists 50 classes of goods that may be eligible for either full or partial relief from GST when temporarily imported. When eligible for partial relief, goods are taxable on a portion of their value for each month they are in Canada.

Some of those classes include:

- Trade Show booths and supplies
- Articles for repairs
- Articles being evaluated or tested
- Samples for use in soliciting sales
- Equipment being used for term projects
- Goods entering on short notice for some type of emergency

CBSA has produced an excellent publication, [Memorandum D8-1-1 Temporary Importation \(Tariff Item No. 9993.00.00\)](#) on this subject. This publication covers the 50 classes in detail and provides numerous reference points and interpretations related to bringing in a temporary import.

What Documentation is Required?

Qualifying goods are usually documented on a "Temporary Admission Permit" (form E29B). When goods are imported for a temporary period using Form E29B, the customs office of importation, usually at the port of entry, may require a refundable security deposit. Full details on the Temporary Admission Permit and how it can be used to facilitate a temporary import can be found at www.cbsa-asfc.gc.ca/publications/dm-md/d8/d8-1-4-eng.html. Once the goods are returned to the United States, this permit must be cancelled in order to document and prove that the goods actually left Canada. If a security deposit was required, it will not be returned until the permit is cancelled. Refunds for security deposits are issued in Canadian funds through the Refund Cheque Insurance System (RCIS) six to eight weeks after the goods have been exported from Canada.

The [Temporary Admission Permit](#) is available in hard copy at the port of entry or as a PDF document on CBSA's website. The six copies of E29B can be completed and printed by the importer prior to entering Canada then presented at the point of entry for completion by the CBSA.

A Canada Customs Coding Form, Form B3, may also be required. This form is used when the goods being imported have partial GST tax relief. More information on the Canada Customs Coding Form can be found in [Memorandum D17-1-10](#).

In addition to the Temporary Admission Permit, it is essential that there is an invoice in the shipment (or available if the goods are being hand-carried), stating the correct value and nature and use of the goods as well as a comment stating that the goods are coming into Canada on a temporary basis for a specific length of time. At the time of importation, the importer must specify what the goods will be used for while in Canada. If applicable, a [North American Free Trade Agreement \(NAFTA\) Certificate of Origin](#) may also be required.

The Temporary Admission Permit does not eliminate the need to obtain documentation required by other Canadian government departments. For example, an importer who is bringing firearms into Canada will be required to obtain a [Non-Resident Firearm Declaration](#) as per the [Canada Firearms Act](#). Importers should obtain any certificates, permits or other documentation which may be required to import their goods into Canada well in advance of reaching the border.

Note: As per Memorandum D8-1-1, security deposits are not required under the following conditions:

- The importer has a NAFTA Certificate of Origin
- Customs duties on the goods equal \$100 or less
- Where there is evidence that the goods will be exported ("low risk" importers)
- On commercial samples or advertising films exported from the U.S.
- On goods imported by any level of Canadian government or a foreign state for conventions or exhibitions.

Would an A.T.A. Carnet Apply to Canada?

An [A.T.A. Carnet](#) may be used as an alternative to the Temporary Admission Permit, especially if the goods will be going to other countries, as well as Canada. Carnets are international customs documents designed to simplify and streamline customs temporary entry procedures. For U.S. goods entering Canada on a temporary basis, the carnet would be acquired by the U.S. company, possibly on the advice of a Canadian importer. Carnets are particularly useful for goods that will be imported into more than one country during the period of validity of the carnet. The carnet has a dual role of replacing the national temporary entry documents and providing a guarantee for duties that would be payable should the goods imported not be re-exported within the time period allowed by customs. Consequently, carnets eliminate the requirement to post security deposits with customs.

The use of a carnet for the importation, exportation or transit of goods does not exempt those goods from the application of Canadian customs laws, regulations and procedures. Goods will not be released on a carnet unless

the goods qualify for temporary entry and the required documents or certificates are produced. A complete explanation and overview of Canada's carnet policy and regulations is available at the above link.

In the United States, A.T.A. Carnets are issued by the [United States Council for International Business](#). That organization's web site is complete with forms, pricing, applicable countries and considerable background on the process and when and how the carnet can be best used.

Do You Need a Broker?

This is a business decision of the company responsible for the import; however, most firms importing a product on a temporary basis should seriously consider the advantages of using a broker to look after the details, which can be complex, depending on the nature of the shipment. For the amount charged by the broker, the savings in company staff time and resources can often be immeasurable if the process doesn't work out exactly as expected. Most Canadian brokers are quite familiar with this process and will bring their resources to bear in order to expedite the import. The regional offices of the U.S. Commercial Service in Canada all have long standing contacts with reputable customs brokers. Contact lists of local brokers are available from all Canadian USCS offices.

Special note: A Canadian broker can be especially useful in finalizing the process for the formal cancellation of the Temporary Admission Permit. As mentioned earlier, it is essential to document that the goods have actually left Canada. If this is not completed, the importer of record may have to forfeit security deposits or other funds paid which would otherwise be refundable.

What's Covered Under NAFTA "Temporary Admission"?

The NAFTA requires Canada, Mexico and the United States to grant duty-free temporary admission to certain classes of goods, listed below, imported from another NAFTA country. The goods do not have to originate in a NAFTA country. More information on the temporary admission of goods under NAFTA may be found at www.cbsa-asfc.gc.ca/publications/pub/c-124-eng.pdf.

1. Professional equipment (tools of the trade), trade show displays

A person can temporarily import, duty-free, the following goods: professional equipment (tools of the trade); equipment for the press or for sound or television broadcasting; cinematographic equipment; goods for sports purposes; and goods for display or demonstration. As a condition of duty-free entry, these goods:

- Must not be sold or leased while in Canada
- May be subject to a security deposit if they are not originating goods, as defined in Chapter 4 of the NAFTA. Deposits can be cash, certified check or acceptable bond
- Must only remain in Canada until the departure of the person, or within a reasonable time
- Must be capable of identification when exported
- Must be imported in no greater quantity than is reasonable for their intended use
- Must be used solely by, or under the personal supervision of the person importing the good in the exercise of the business activity, trade or profession.

Be aware that although professional equipment is duty-free, it may still be subject to the Canadian goods and Services tax (GST) – again, by using a broker, this question can be readily addressed.

2. Commercial samples and advertising films

Commercial samples and advertising films can also be imported temporarily into Canada without the payment of duties. As a condition of duty-free entry, the goods must:

- Be imported solely for soliciting orders for goods and services from another country
- Not be sold, leased or put to any use other than exhibition or demonstration, while in Canada
- Be capable of identification when exported
- Be exported within such period as is reasonably related to the purpose of the temporary admission and
- Be imported in no greater quantity than is reasonable for their intended use.

3. Convention Services Program

This program deals with the conditions and procedures which permit a foreign or domestic organization to temporarily import goods and services into Canada for a convention, meeting/trade show, or exhibition. Under this program, CBSA functions as a single point of contact for all government services associated with these types of events. A brief description of the program and contacts can be found in the brochure, [BSF5009 Canada's Convention Services Program at a Glance](#). The regulations and further details are found in [Memorandum D8-1-2](#).

What Should Be Expected for After-Sales Service or Other Service Providers?

Customs duties are not assessed on goods that are exported for repair or alteration, to the United States or Mexico and then re-imported into Canada. This is true regardless of the origin of the goods and regardless of whether the goods could have been repaired or altered in Canada. The value of the repair or alteration is also not dutiable. However, unless the work is warranty repairs, the value of the repair or alteration is subject to tax (GST). Further information can be found at: www.cbsa-asfc.gc.ca/publications/dm-md/d8/d8-2-26-eng.html.

Implications for U.S. Business

The temporary import process should be explored well before any trip to Canada. Although there are numerous goods that qualify, a review of the web sites and literature described above will help to alleviate issues or situations that might delay an entry into the country. For events in Canada the trade show organizers make all the arrangements for the participants to bring in their exhibition booth and materials. The temporary import process, like any customs procedure, may require additional resources at the onset, but, after the first entry, will usually become a fairly routine exercise in building your market in Canada.

Contacts and Resources

To ensure smooth entry into Canada with some type of temporary import, preparation is the key. The following websites, produced by the Government of Canada, are excellent sources of information on this subject.

Canada Border Services Agency
www.cbsa-asfc.gc.ca

Temporary Importation (Tariff Item No. 9993.00.00) Regulations
www.cbsa-asfc.gc.ca/publications/dm-md/d8/d8-1-1-eng.pdf

Guide to Importing Commercial Goods
www.cbsa-asfc.gc.ca/publications/pub/rc4041-eng.html

Memorandum D17-1-5 "Importing Commercial Goods"
www.cbsa-asfc.gc.ca/publications/dm-md/d17/d17-1-5-eng.html

Canada Customs Act - Importation
www.laws.justice.gc.ca/en/showdoc/cs/C-52.6/bo-ga:l_III/en#anchorbo-ga:l_II

For More Information

The U.S. Commercial Service in Ottawa, Canada can be contacted via e-mail at: Tracey.Ford@mail.doc.gov; Phone: 613-688-5406; Fax: 613-238-5999; or visit our website: www.buyusa.gov/canada.

The U.S. Commercial Service — Your Global Business Partner

With its network of offices across the United States and in more than 80 countries, the U.S. Commercial Service of the U.S. Department of Commerce utilizes its global presence and international marketing expertise to help U.S. companies sell their products and services worldwide. Locate the U.S. Commercial Service trade specialist in the U.S. nearest you by visiting <http://www.export.gov>.

Comments and Suggestions: We welcome your comments and suggestions regarding this market research. You can e-mail us your comments/suggestions to: Customer.Care@mail.doc.gov. Please include the name of the applicable market research in your e-mail. We greatly appreciate your feedback.

Disclaimer: The information provided in this report is intended to be of assistance to U.S. exporters. While we make every effort to ensure its accuracy, neither the United States government nor any of its employees make any representation as to the accuracy or completeness of information in this or any other United States government document. Readers are advised to independently verify any information prior to reliance thereon. The information provided in this report does not constitute legal advice.

International copyright, U.S. Department of Commerce, 2007. All rights reserved outside of the United States.