

Importing and exporting goods across Canadian and foreign borders is not an easy task. Increased security concerns have made the task relatively daunting and cumbersome. The following digest will outline how to go about moving your goods across the borders.

It should be noted that all goods being imported into Canada are subject to GST @ 5% of the Canadian value of the goods. The person or organization who clears the goods (referred to as the "Importer of Record") must pay this tax at the time of import. As well, some items are dutiable, depending on what the goods are, what the end-use is and where they were manufactured.

Shipments arrive at the University either via mail delivery or via courier or truck.

## By Mail

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### High Value Shipment (HVS): Valued more than \$1600.00 Canadian

These shipments will be stopped at the border and notification of the shipment will be sent to Procurement and Contract Services. Our Customs Broker will be provided with the information needed to clear the shipment.

**NOTE:** *Shipments that are sent by mail cannot be traced in the event that they get lost in transit. It is strongly recommended that any purchases valued at over \$1,600.00 Canadian be ordered on a Purchase Requisition.*

### Low Value Shipment (LVS) - Valued less than \$1600.00 Canadian

These shipments are evaluated for customs clearance by Canada Customs and delivered to Central Stores at the University. Each shipment has a Customs Form attached which indicates the total amount, including duty and GST owing on the shipment. Central Stores will charge the receiving department and indicate the account number charged on the customs form. Central Stores will then deliver the package to the department.

## By Courier or Truck

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### High Value Shipments (HVS) - Valued more than \$1600.00 Canadian

These shipments have to be cleared at the border before they can be delivered. The Customs & Tax Specialist in Procurement and Contract Services is contacted via fax by the Customs Broker, with the information pertaining to the shipment that is waiting to be cleared. The Customs Broker is provided with the department, name OR Purchase Order number, end use, and any special instructions regarding the shipment, i.e. GST or duty exemptions, export paperwork, description and value of the goods. Once the shipment has been cleared through customs, it is delivered.

### Low Value Shipments (LVS) - Valued between \$20.00 and \$1600.00 Canadian

These shipments are delivered first, and then customs cleared. The Customs & Tax Specialist in Procurement and Contract Services is contacted via fax by the Customs Broker, with the information regarding the shipment. The Customs Broker is provided with the department, name OR Purchase Order number, end use, and any special instructions regarding this shipment, i.e. GST or duty exemptions, export paperwork, description and value of the goods. The Customs Broker uses this information to clear the shipment with Canada Customs and generates an invoice to the University.

## Problem Shipments

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Shipments get held at the border, either by Canada Customs or by the courier/carrier when the following problems occur on the shipper's paperwork:

- zero or no dollar value indicated (even "free" samples have a value)

- unrealistic value reported (Customs wants to see the "fair market value" of the goods reported)
- insufficient description of the goods
- consignee's name and/or address missing or incomplete
- Agriculture Canada inspection
- Customs Broker not indicated

In these cases, the shipment is handled in much the same way as a High Value Shipment, where all the shipment information must be provided by the Customs & Tax Specialist before the shipment will be released.

## Personal Shipments

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Personal shipments should NOT be addressed to the University. It is unlawful for individuals to address personal shipments to the University that are not authorized for the day to day business of the University. In addition, regardless of value, there is a cost in time of University staff verifying that the shipment is not for the University. There are legal/functional (warranty) issues if the University becomes the Importer of Record, and finally, the shipment will likely experience a lengthy delay as our staff try and determine to whom this shipment belongs.

### By Courier

Any personal shipment that is couriered to an individual at the University must be customs cleared by that individual. The Customs Broker will contact the Customs & Tax Specialist via fax with the shipment information. Once the shipment is verified as being personal, the customs papers are returned to the courier company along with the individual's name and phone number. It is then up to the courier to contact the individual to arrange for the payment of outstanding duty, taxes and customs brokerage charges.

### By Mail

If a personal shipment arrives by mail you will need to provide personal cheque.

## Freight and Brokerage Consolidation

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Procurement and Contract Services works closely with **Russell A. Farrow** warehouse in Amherst, New York. All U.S. shipments that are not extremely time-sensitive and/or perishable are routed to Russell A. Farrow, where they are consolidated and delivered to UW on Mondays and Wednesdays. Taking advantage of U.S. domestic shipping rates has resulted in a 40% savings in freight costs.

All shipments being sent to the University of Waterloo are to be shipped via one of the following options and criteria:

- Extremely time-sensitive and/or perishable: Federal Express - account #118186400
- Shipments weighing less than 200lbs/91kg: UPS domestic ground (ppd & charged - NOT Collect) to:

University of Waterloo  
 PO#/name \_\_\_\_\_  
 c/o Russell A. Farrow  
 15 Lawrence Bell Drive  
 Amherst, NY 14221  
 Telephone: 716-631-2000

- Shipments weighing over 200lbs/91kg: UTI Canada Limited for shipping instructions at 800-361-6785 or 289-562-3000 Trans-border Transportation.

### Note to U.S. Suppliers:

Please be reminded that when shipping to the University of Waterloo, you must include Canada Customs documents and NAFTA Certificates of Origin to ensure that the goods do not get held up in Customs and we are not charged duty in error. Failure to do so could result in a deduction from your invoice for the costs involved in obtaining such documents. Also, all shipments must reference a Purchase Order number OR a contact name and department, and **UTI Canada Limited** as the University's Canadian customs broker.

## Exclusion from Duties

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Each year, a new listing of the Customs Tariff is released by the Canada Border Services Agency. The tariff, which uses the "Harmonized System" of classification, lists the rates of duty applicable for every item that is imported into Canada. This duty rate is dependent on the Country of Origin of the goods or on the actual goods themselves.

NAFTA (the North American Free Trade Agreement) is used to reduce duty rates on most products originating from the United States and Mexico. It is important when ordering goods from these countries, to request that a NAFTA Certificate of Origin be provided by the supplier of the goods, in order to avoid paying duties unnecessarily.

## Items Shipped Out of Canada

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When goods are shipped out of Canada, documentation must be prepared for customs clearance into the country they are being shipped to. All items shipped off campus should be documented on a UW Shipping Order. When the goods return to Canada, they must be accounted for with Canada Customs. UW must provide our Customs Broker with export documentation (waybill) to prove that the item is a return and not a new purchase. If the item was shipped out for repair, the value of the repair is used when calculating duty or GST applicable. There is no duty or GST paid on warranty repairs but Customs does need a value of the repair for its records. Warranty replacements do not require proof of export and are not assessed duty or GST/PST.

### Hand-Carried Shipments

Hand-Carried Shipments are shipments that are physically driven to one of the border crossings by UW students or employees. As with shipments that are sent out by courier, hand-carried shipments also require customs clearance into the U.S. If you know that you are going to be travelling outside of Canada with University-owned goods, please contact the Customs & Tax Specialist in P&CS to determine the best shipment method for your trip (see below). Failure to follow the correct procedures could result in U.S. Customs refusing you entry when you arrive at the border, as well as significant fines for the University. Please contact Christine Henderson at extension 32854 or email [chenders@uwaterloo.ca](mailto:chenders@uwaterloo.ca).

There are currently three methods available to UW travellers who are hand-carrying goods out of Canada:

### Temporary Import Bond

A TIB allows UW-owned goods to enter the U.S. without attracting any U.S. duties. A TIB can only be set up by UW's Customs & Tax Specialist who works closely with our U.S. customs broker, Livingston International. TIBs **must** be cancelled by the UW traveller before the goods leave the U.S. In order to have a TIB set up, the Customs & Tax Specialist must be provided with all the trip details at least four days prior to your departure. The cost to the traveller for having a TIB set up is approximately \$200 Canadian.

### CARNET

CARNETs are set up directly between the UW traveller and the Canadian Chamber of Commerce <http://www.chamber.ca/article.asp?id=259>. A bond needs to be set up and security posted according to the value of the shipment, so the cost for this method is higher than that for a TIB. On a shipment valued around \$60K the fee for this method would be around \$600. However, a CARNET is valid for a year so if you expect multiple shipments of the same goods to the same location, this method may save you money in the long-run.

## Itemized List

This method also does not involve the Customs & Tax Specialist but is the method that carries the highest risk. The traveller must carry a detailed list of all the items being taken into the U.S. The list must include the description, size/weight, colour, cost and part number for each item. Before leaving Canada, the traveller must go to the Canadian border patrol office and explain the trip. Canada Customs will stamp the list as proof that all items originated in Canada. **The stamped list is crucial.** The stamped list is then shown to the American border guards and the purpose of the trip is explained. It is important to have supporting documents in case the guards question the trip. Documents such as an official invitation from the competition organizers, letter of support from the Dean, proof of hotel reservations, etc. Upon returning to Canada, the stamped list is shown to the Canadian border guards. These guards should give you no hassle because the list has the Canadian stamp of approval. There is no cost to this method but depending on what border guards you get, they could either let you go through or they may tell you that you need a customs broker to clear your shipment. In this case, you could be delayed for hours or even days (if you are travelling on a weekend) because UW's customs broker will not do anything without authorization from the Customs & Tax Specialist.

Each procedure can be beneficial, depending on your requirements. Please contact Christine Henderson at extension 32854 for additional information and guidance.

## **Who is Our Customs Broker?**

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UW has two customs brokers. For shipments coming into Canada, **UTI Canada Limited** is our broker. For all outgoing shipments to the U.S., **Livingston International** is our U.S. broker. These brokers act on behalf of the University of Waterloo in all Customs transactions.

### **What They Do**

- Classify goods within the Harmonized System and prepare documents to clear University shipments through Customs.
- Check customs information for possible benefits for the University-duty and tax exemptions, prepare documents and post bonds for the temporary importation of goods.
- Pay necessary duties and taxes to Revenue Canada on behalf of the University.

For more questions regarding customs procedures, please contact the Customs & Tax Specialist at (519) 888-4567 x32854, or email **chenders@uwaterloo.ca**