



## Becoming a Non-Resident Importer NRI program can be a competitive advantage

---

**As a U.S. supplier to Canada have you ever considered the advantages of becoming a Non-Resident Importer?** By arranging the entry of your products to resemble a domestic transaction, and becoming the importer of record alleviates your Canadian customers of this responsibility and simplifies the price of your goods to them. In making this an easier and seamless process to your customer it permits you to more effectively compete with Canadian based companies on an even basis and also gives you an advantage over U.S. competitors. By acting as the importer, you will be able to maintain better shipment control, and where this is possible, maximize your savings in customs clearance and shipping charges by consolidating all of your shipments into one entry clearance for multiple customers.

The Non Resident Importer program is well suited for U.S. companies that sell direct to Canadian consumers, retailers and businesses and especially in those cases where a U.S. company has no other presence in Canada and does not carry on business in Canada. Under these circumstances, Canadian corporate taxes will not apply to an NRI.

## Dealing With the Goods & Services Tax (GST)

One of the primary reasons deterring many U.S. companies from opting for the NRI program into Canada may be the Goods and Services Tax (GST) which is the Canadian federal tax payable in general on all imported goods, including shipments made by NRI importers.

Some U.S. companies have hastily become GST registrants as this appears to be the most effective means of being able to bill their Canadian customers for the GST and for recovering it from the Canadian tax authority. **GST registration is a voluntary choice for an NRI and in fact is not the best decision for an NRI who does not carry on business in Canada and who does not make any other purchases in Canada.** By not becoming a GST registrant, the NRI avoids having to make changes to their accounting systems to track the GST, filing monthly/quarterly GST returns to the Canadian tax authority, or the posting of a bond.

The simplest method by which NRI importers can recover the GST they have paid at the time of importation is by way of the "flow through credit" which permits the NRIs' GST registered Canadian customer to be deemed the importer and to directly claim back the GST from the Canadian tax authority. This method requires that the NRI treat the GST as they would any other cost or expense, and include it in the selling price of the goods, thereby directly recovering the GST in the invoice value of the goods.

The GST may not be shown as a separate line by the NRI on the commercial invoice, as a GST non-registrant NRI is not legally permitted to collect GST from their Canadian customers. The Canada Customs Invoice for such NRI shipments is completed by declaring the same selling price that is stated on the Commercial Invoice which incorporates the GST.



Additionally, in Field 9 (Conditions of Sale and Terms of Payment) of the Canada Customs Invoice, the statement, "Selling Price includes GST" must be shown. This allows the GST included in the selling price to be backed out of this value, to arrive at the net Customs Value for Duty, that does not include GST, and avoids the over payment of GST on a value that already includes this amount.

The NRI must in these situations provide their Canadian customer with a copy of the B3 customs entry to confirm the amount of GST actually paid, which is used by them to claim back the GST directly from the Canadian tax authority as they do for all other GST they pay. (In situations where the customs entry may be a consolidated entry involving multiple customers, alternatively the NRI would provide their Canadian customers individually with a letter that references the actual entry transaction number where the GST was paid and indicates the actual amount paid for that customer).

## We're here to help you

Passport Cargo Inc. can help you in setting up your company as an NRI, and assist you with the regulatory compliance issues and the management of your import duties and taxes. It is important to understand that as the importer of record, an NRI is responsible for the true, accurate and complete declaration of all entries made in their name. Any changes to the value, origin or classification as originally declared must be reported, whether or not such adjustments may result in duties owing. Failures to meet these obligations can result in Customs reassessments and penalties.

---

## The NRI Application Process

Once the decision has been made to become an NRI the following steps will apply:

### 1) Apply for a Business Number

A Business Number must be obtained before any importation is made. This is an identification number issued by the CBSA (Canada Border Services Agency) relating to commercial importers and is required to be shown on all entry transactions. In the case of an NRI an Import/Export account is obtained which is identified by the letters RM and is incorporated into the 15 digit number that will be issued to you. The [Form RC1](#) must be completed for this purpose. Parts A and F are generally the only fields that will have to be completed by NRIs' who do not carry on business in Canada.



**2) Determine if there are any circumstances that may cause you to be considered as carrying on business in Canada, or if other purchases or other transactions will be made in Canada that might warrant consideration of registering for the GST.**

Where the NRI contemplates a more complicated business arrangement than covered by this information, we suggest you contact a competent tax/accounting advisor to ensure that all regulatory requirements are met. For more detailed information on what is considered to be carrying on business in Canada refer to GST/HST [Policy Statement P-051R2](#).



### **3) Arrange for the customs brokerage services of Passport Cargo Inc.**

You will be required to set up an account with Passport Cargo Inc. which will entail completing a power of attorney, master authority and a credit application. For further information and details refer to our website at [www.passportcargo.com](http://www.passportcargo.com). Our Customs Consultant can assist you with the completion of these forms.

### **4) Determine where the Books and Records will be maintained for the entry transactions that you will make into Canada.**

All commercial importers into Canada including Non-Resident Importers are required under Customs Law to maintain books and records on all imported commercial goods into Canada. The books and records must generally contain *all records* from purchasing to payment for every import transaction and must be maintained for a period of six years, i.e. the current year plus six years. For additional details refer to CBSA [Memorandum D17-1-21](#).

The books and records must be maintained *in Canada* unless separate arrangements are made with the CBSA, to maintain these records outside of Canada. Please note that arrangements may be made by the NRI to keep these records in Canada through a third party which may include a customs broker, but would be subject to additional fees and charges which are not included in the general brokerage fees. Many NRIs' opt to complete the "Agreement to Maintain Books and Records Outside of Canada." You may also contact the Compliance Management Division / Admissibility Branch of CBSA at Tel: (613)952- 5307; Fax: (613)941-6610; or e-mail: [cm-go@cbsa-asfc.gc.ca](mailto:cm-go@cbsa-asfc.gc.ca)