**Customs Logistics - Executive Summary**

Importing and exporting goods between Canadian and foreign destinations is a complex and time-consuming process.

Foreign and domestic governments impose border rules and regulations, and increased trade and security concerns have introduced some challenging logistical and compliance issues. University personnel trained in customs procedures do not have discretionary abilities when navigating these requirements.

The reputation and efficiency of the University depends upon our campus stakeholders knowing and following these rules:

1. Goods at Customs are cleared for University owned goods only – personal goods cannot be cleared.

2. All* goods entering Canada are subject to a 13% HST (tax) remittance on the fair market value of the goods – this is the same as if they had been purchased here in Ontario (after our internal rebate, this results in a 3.41% net charge);

3. In addition to the HST (tax), duties and/or tariffs may be applicable – it is advisable to ascertain this amount prior to committing to an order;

4. Procurement & Contract Services (P&CS) staff must provide key pieces of accurate information to border services in order to facilitate the release/export of goods.

- If you have any questions regarding customs clearance, please email procure@uwaterloo.ca

**Special circumstances** – contact P&CS well in advance of your required shipment date:

Please see further details below with regard to Customs Procedures

**CUSTOMS INFORMATION**

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.

Most goods being imported into Canada are subject to HST @ 13% 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. For the majority of shipments coming across the border for the University of Waterloo (UW), we are the Importer of Record.

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

High Value Shipment (HVS): Valued more than $2500.00 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 $2500.00 Canadian be ordered on a Purchase Requisition or uWaterloo PCard.

Low Value Shipment (LVS) - Valued less than $2500.00

Canadian These shipments are evaluated for customs clearance by Canada Customs and delivered to Central Stores at UW. Each shipment has a Customs Form attached which indicates the total amount, including duty and HST 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

High Value Shipments (HVS) - Valued more than $2500.00

Canadian These shipments have to be cleared at the border before they can be delivered. The Customs Specialist in Procurement and Contract Services is contacted by the Customs Broker, with the paperwork that has been sent with the shipment. The Customs Broker is provided with the department, name OR Purchase Order number, Unit 4 work order for billing purposes, and any special instructions regarding the shipment, i.e. HST or duty exemptions, export paperwork, description and value of the goods. Once the shipment has been cleared through Customs, it is delivered to Central Stores and our broker invoices us for the duties and taxes they have paid on our behalf.

Low Value Shipments (LVS) - Valued between $20.00 and $2500.00 Canadian

These shipments are delivered first, and then customs cleared after the fact. The Customs Specialist in Procurement and Contract Services is contacted by the Customs Broker, with the information regarding the shipment. The Customs Broker is provided with the department, name OR Purchase Order number, Unit 4 work order for billing purposes, and any special instructions regarding this shipment, i.e. HST 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

Shipments get held at the border by Canada Customs when the following problems occur:

1. No paperwork (even free samples require a commercial invoice in order to clear Customs)
2. Zero or no dollar value indicated on the paperwork (see point 1 above)
3. Unrealistic value reported (Customs wants to see the “fair market value” of the goods reported)
4. Insufficient description of the goods (“lab materials” or “chemical samples” is not specific enough)

5. Consignee’s name and/or address is missing or incomplete

6. Canadian Food Inspection Agency inspection (for plant or animal shipments)

7. Our customs broker is 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 Specialist before the shipment will be released.

**Personal Shipments**

Personal shipments should NOT be addressed to the University. It is unlawful for individuals to address personal shipments to UW. It is also the UW’s practice to NOT clear any shipments that have been ordered on personal credit cards. Individuals who wish to order goods must do so by either creating a Requisition in Unit 4 OR by using a UW-issued PCard (refer to PCard policy for further guidelines). Shipments that cannot be attached to one of these methods will not be cleared and it will be the individual’s responsibility to make arrangements for Customs clearance directly with the courier company. There is a cost in time of UW staff verifying that the shipment is not for UW. There are legal/functional (warranty) issues if UW becomes the Importer of Record, and additionally, the shipment will likely experience a lengthy delay as UW staff try and determine to whom this shipment belongs.

**Freight and Brokerage Consolidation**

Some UW shipments get consolidated at a warehouse in Depew, New York, and are delivered to Central Stores on Thursdays. Taking advantage of U.S. domestic shipping rates has resulted in a 40% savings in freight costs. If you would like more information on this process please email chenders@uwaterloo.ca

**Note for 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. Also, all shipments must reference a Purchase Order number OR a contact name and department, and Thompson Ahern as the University’s Canadian customs broker.

**Exclusion from Duties**

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

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 must be processed in the Agile shipping system. 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 HST 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 HST.

Temporary Exports

Temporary exports are shipments of UW-owned goods that are physically driven to one of the border crossings by UW students or employees. As with shipments that are sent out by courier, temporary exports also require customs clearance into the U.S. and customs clearance back into Canada when the goods are returned. If you know that you are going to be travelling outside of Canada with University owned goods, please contact the Customs 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. There are currently two methods available to UW travellers who want to set up a temporary export:

Temporary Import Bond (TIB)

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 Specialist, who works closely with our U.S. customs broker, Livingston International, to set up the entry and manifest with U.S. Customs. 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 Specialist must be provided with all the trip details at least five business days prior to your departure. The cost to the traveller for having a TIB set up is approximately $200 Canadian.

CARNET

CARNETs are used for temporary exports that are going to countries other than the U.S. These are set up directly between the UW traveller and the Canadian Chamber of Commerce. A bond needs to be set up and security posted according to the value of the shipment. On a shipment valued around $60K the fee for this method would be around $600. When the goods return to Canada, the CARNET needs to be

Please contact Christine Henderson at (519) 888-4567 x32854 or chenders@uwaterloo.ca for additional information and guidance regarding temporary exports.

Who is Our Customs Broker?

UW has two customs brokers.

For shipments coming into Canada, Thompson Ahern 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

1. Classify goods within the Harmonized System and prepare documents to clear University shipments through Customs.

2. Check customs information for possible benefits for the University - duty and tax exemptions, prepare documents and post bonds for the temporary importation of goods. 3. Pay necessary duties and taxes to the Canada Revenue Agency on behalf of the University. For more questions regarding customs procedures, please contact the Customs Specialist at (519) 888-4567 x32854, or email chenders@uwaterloo.ca.

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