

Non-Resident Importer (NRI) Frequently Asked Questions

What is an NRI?

An NRI is a foreign-based company, often from the United States, which does not have a permanent presence in Canada but imports into Canada under its own company name. NRIs utilize the services of a Canadian customs broker such as Farrow to clear their goods into Canada.

Why become an NRI?

By becoming an NRI, US exporters are able to exercise greater control over their supply chain into Canada without having a physical presence in Canada.

An NRI can provide its Canadian customers with a landed cost of goods including applicable taxes and duties and be competitive with Canadian suppliers – as if they were a domestic vendor.

By utilizing one customs broker to clear all shipments to Canada, regardless of the final delivery address, an NRI is able to minimize border delays.

What is a Business Number (BN) and how do I get one?

A BN is a fifteen-digit number used by the Canadian government to identify your business. Besides import/export purposes, a BN can relate to Canadian corporate income taxes, Goods and Services Tax (GST) and payroll deductions. Obtaining a BN is the first step to becoming an NRI.

Farrow will send you the link to the Canada Revenue Agency (CRA) where you can apply for a Canadian Business Number (BN) and register for GST/HST. After you've obtained your BN, Farrow will send you an application for an import account that Canada Border Services Agency (CBSA) will handle.

Do I need a GST/HST account?

Registration may be mandatory if your annual sales in Canada exceed \$30,000 and we suggest that you contact the Canada Revenue Agency office to determine if you should register for GST/HST; however, we recommend registration if you will be importing on a regular basis.

The first nine digits of the BN identify your business, followed by two letters and four digits. The two letters identify the type of account – RM is used for the import/export account and RT is used for the GST account. A sample GST number looks like this: 123456789RT0001.

What is GST/HST?

The GST is a five percent (5%) federal tax collected by the Canada Revenue Agency on the sale of all goods and services supplied in Canada. GST is payable at the time of Customs release of your products, and it is calculated on the sale value of your shipment to Canada. All companies that import goods into Canada (Canadian-based importers or Non-Resident Importers) are responsible to remit the GST on all imported products, where applicable. Part of our service as a customs broker is to pay the GST (and any applicable duties) on your behalf.

In the five participating provinces HST is a combination of the 5% GST and the applicable provincial sales tax. In Ontario, for example the HST is 13%. In Alberta, there is only GST since there is no provincial sales tax and in Vancouver, GST and PST are separate.

Can I recover the GST that I pay?

Yes. GST that is paid by a GST registered NRI is called an "Input Tax Credit" (ITC). When you bill your customer for your goods you must add GST or HST to your bill . and include your registration number on your invoice. When your customer pays your invoice you recover the GST that you paid. Upon filing the required GST/HST returns with the Canadian government any excess GST/HST collected is payable to the Canadian government and any excess ITC is refundable.

Can I apply for a GST refund?

Yes. GST that is paid by a GST registered NRI is refundable upon filing the necessary GST returns with the Canadian government. GST refunds can be obtained monthly, quarterly or annually depending on your reporting frequency.

How do I determine the customs value of my products?

There are several methods for determining the accurate value of imported products. The most common method for calculating value is referred to as transactional value of price paid or payable for the goods. In general, the value is determined based upon your selling price to your ultimate Canadian customer based upon the exchange rate on the day shipment started to Canada.

What is a CUSMA Certification of Origin and does it apply to my products?

CUSMA has replaced NAFTA and a Certification of Origin is a document that can be used to prove an importer's goods qualify for duty-free entry under the terms of the CUSMA/USMCA agreement. If your North American manufactured goods meet all the required CUSMA criteria, your goods will be eligible for duty-free entry into Canada.

What Customs documents are required?

The most important document you will require is a Canada Customs Invoice (CCI). If a CCI is not available, a commercial invoice listing the parties involved in the sale of the products will be required. This commercial invoice must include many specific elements relating to the imported products, such as: country of manufacture, Harmonized Tariff classification code, value, quantity, etc. For certain goods, import permits may also be required before the items can enter Canada.

Do I need to keep records of my customs transactions?

Yes. Non-resident importers must maintain records relating to their Canadian import transactions for a period of seven years. Non-resident importers may maintain these records in Canada by an appointed agent or outside Canada on the non-resident's premises by establishing a letter of undertaking with Canada Revenue Agency.

A letter of undertaking commits the non-resident importer to cover the traveling costs of a Customs auditor whose purpose is to conduct an audit at the premises of the NRI.

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Farrow does not advise or provide guidance to our clients about their tax requirements in Canada. Clients are advised to contact their accounting professionals for advice on HST specific to their business activities.