

MEMORANDUM D5-1-13

In Brief

Ottawa, June 9, 1995

SUBJECT

**PUBLICATIONS IMPORTED
BY MAIL OR COURIER**

This Memorandum has been issued to provide information concerning the importation of publications in Canada by mail or courier. Publications include books, newspapers, periodicals, magazines and any similar printed publications. Audio tapes that relate to a publication and that accompany it, are also covered by this memorandum.

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PUBLICATIONS IMPORTED BY MAIL OR COURIER

This Memorandum outlines the policies and procedures related to the importation into Canada of books, newspapers, periodicals and magazines and any similar printed publications arriving by mail or courier.

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INTERPRETATION

1. The *Excise Tax Act* and the regulations made pursuant to that Act, specifically the *Publications Supplied by a [Registrant] Regulations*, define a prescribed publication and the procedures to be followed by a registrant to provide evidence of registration when importing such a publication into Canada.
2. For the purposes of [Section 143.1] of the Act, the following property is prescribed property
 - (a) a book, newspaper, periodical, magazine, and any similar printed publication other than a publication or a book described in tariff item No. 9812.00.00 of Schedule I to the *Customs Tariff*; and
 - (b) an audio cassette that relates to the publication referred to in paragraph (a) and that accompanies that publication when it is submitted to the Canada Post Corporation or a customs officer.

EVIDENCE OF REGISTRATION

3. Where a person, who is registered, supplies a prescribed publication, the supply is deemed to be made in Canada under [Section 143.1] of the *Excise Tax Act*. In such cases, the regulations state that evidence of registration must be shown to enable the publication to be imported into Canada without attracting additional tax.

4. The *Publications Supplied by a [Registrant] Regulations* require suppliers who are registered for the GST to show evidence of registration on publications sent to Canada by mail or courier.

5. Evidence of registration means that at least one of the options for displaying the supplier's GST number as outlined below must be chosen by the registrant:

(a) the person's registration number must be shown

(1) in the masthead of the publication, or on one of the first five pages of the publication if the masthead is not within the first five pages,

(2) on the back cover of the publication if the address of the person appears on that cover, or

(3) on the mailing label affixed to the publication;

(b) the person's registration number on the packaging of the publication or on a separate document that accompanies the publication, when it is submitted to the Canada Post Corporation or a customs officer; or

(c) where the person does not have a registration number at the time the publication is mailed or sent by courier, evidence on a separate document that accompanies the publication when it is submitted to the Canada Post Corporation or a customs officer that the person has applied for a registration number.

6. Publications showing a GST registration number will be released, regardless of the value of the shipment. In this case, the GST should not be collected at the time of importation on these publications, because it has already been collected by the supplier for direct payment to the Department. It should be noted of the fact that shipments of publications brought into the country, other than by mail through Canada Post Corporation, valued at less than \$20 may be released without a completed *Canada Customs Coding Form B 3*; whereas shipments valued at more than \$20 must be accompanied by a completed *Canada Customs Coding Form B 3* and a cargo control document.

REQUIREMENT TO REGISTER

7. Under subsection 240(4) of the *Excise Tax Act*, a resident or non-resident person, whether through an employee, an agent, or by means of advertising directed at the Canadian market, is deemed to be carrying on a business in Canada, where that person:

(a) solicits orders for the supply of prescribed tangible personal property; or

(b) offers to supply prescribed tangible personal property that will be sent by mail or courier to the recipient of the supply at an address in Canada.

8. Prescribed tangible personal property includes: books, newspapers, and any similar printed

publication, as well as an audio cassette that relates to a publication and that accompanies the publication when it is sent to Canada.

9. Subject to paragraph 10 of these guidelines, all residents or non-residents soliciting sales in Canada of imported publications are required to be registered, to collect the GST on these publications, and to remit that tax to the Department just as if they were a person carrying on business in Canada.

10. Persons shipping publications to Canada are not required to register for GST purposes if:

(a) the person's global revenues do not exceed the small suppliers' threshold of \$30,000 (Canadian); or

(b) the person does not, in Canada, solicit orders for, or offer to supply, publications that will be sent to Canada by mail or courier to the recipient of the supply at an address in Canada.

11. A publication supplied by a resident or non-resident person, who is registered, sent by mail or courier to the recipient at an address in Canada, is deemed to be a supply made in Canada. Therefore, the GST is payable at the time of sale rather than at the time of importation.

NO EVIDENCE OF REGISTRATION

12. According to section 7 of Schedule VII to the *Excise Tax Act*, where no evidence of registration is provided, publications included in a shipment valued at \$20 or less are non-taxable only if the supplier of the publications is not required to register for GST purposes.

13. If the publications do not otherwise qualify for non-taxable importation, and the supplier is required to register and has not done so, the publications are taxable, **regardless of value**. In these circumstances, the goods are specifically described in the *Mail and Courier Imports (GST) Regulations* as goods that are not granted relief under section 7 of Schedule VII to the *Excise Tax Act*. For example, a book valued at \$10 (Canadian) exported to Canada by mail or courier, will be assessed the GST on the full \$10 value of the book.

POSTAL AND COURIER IMPORTS REMISSION ORDERS

14. The *Postal Imports Remission Order* and the *Courier Imports Remission Order* provide for the remission of customs duties and excise taxes paid or payable on goods imported by mail or courier, and having a value for duty not exceeding \$20. As stated in paragraph 12, the benefit of GST non-taxable status is also contained in section 7 of Schedule VII to the *Excise Tax Act*. The *Postal Imports Remission Order* and *Courier Imports Remission Order* do not provide relief from the GST for books, newspapers, periodicals and other similar publications of any value where the supplier is required to register but refuses to do so.

GST EXEMPTIONS

15. The following describes the conditions where the GST is non-taxable on publications:

Gift Exemptions

16. Gifts of publications are subject to the GST and are valued for GST purposes at the price such publications would normally be sold to consumers on the retail market. The exception is:

(a) when the gift tariff item No. 9816.00.00 applies;

(b) gift publications from registered foreign suppliers where the suppliers' GST registration number is shown in the prescribed manner .

Lending Libraries

17. Publications from foreign lending libraries, which are provided for no charge and subject to return under customs supervision within 60 days, are classified under tariff item No. 98.12. Goods classified under this tariff item are non-taxable under section 1 of Schedule VII to the *Excise Tax Act*.

Publications of the UN, NATO and their Specialized Agencies

18. Publications of the United Nations or the North Atlantic Treaty Organization or any of their specialized agencies are classified as duty free under tariff item No. 98.12 and are non-taxable under section 1 of Schedule VII to the *Excise Tax Act*, regardless of the identity or status of the importer or exporter. A list of these organizations is included in Appendix A.

Exempt Organizations

19. Certain Orders-in-Council and other Acts of Parliament provide relief from taxation on importations by foreign missions, international organizations and certain members of their personnel. Please refer to the Memoranda D 21 series for more information.

Government of a Province or Territory

20. Publications imported by provincial and territorial government departments and bodies are not subject to the GST. Lists of eligible provincial government departments, Crown corporations, boards, commissions and agencies are appended to GST Memorandum 18.2, *Provincial Governments*. These lists are subject to change and verification of the lists may be obtained from any Revenue Canada Tax Services office.

Registered Charities

21. Publications imported by a charity in Canada, as defined in subsection 123(1) of the *Excise Tax Act*, which have been donated to that charity are non-taxable under section 4 of Schedule VII to that Act.

Tourism

22. Printed matter that is to be made available to the general public, without charge, for the promotion of tourism is non-taxable under section 3 of Schedule VII to the *Excise Tax Act* if:

(a) it is imported by or on the order of a foreign government or an agency or representative of a foreign government; or

(b) it is imported by a board of trade, chamber of commerce, municipal or automobile association or similar organization to which it was supplied for no consideration, other than shipping and handling charges.

CUSTOMS DOCUMENTATION

Postal Importations of Publications

23. Shipments of publications to Canada by mail must contain a customs declaration which describes the goods and provides the value of the publication. Where a foreign publisher is registered to collect the GST, the registration number should also be shown on the customs declaration. All publications which display their registration number will be released from customs without additional payment of taxes.

24. Where there is no evidence of registration on the publication, customs will assess the applicable GST based on the value shown on the customs declaration. A *Customs Postal Import Form*, Form E 14, which shows the amount of GST payable, will be attached to the mail item.

25. The Canada Post Corporation, upon delivery of the mail item, is required to collect the duties and GST before releasing the mail item to the addressee. In addition, a \$5 fee will be assessed on all dutiable and/or taxable mail items to recover costs.

26. Further information concerning postal importations may be found in Memorandum D5-1-1, *Customs International Mail Processing System*.

Courier Importations of Publications

27. Pursuant to paragraph 14 of this Memorandum, all publications imported through a courier must be accounted for on a Form B 3 or transmitted through the Department's Customs Automated Data Exchange System (CADEX) by an approved participant.

28. Further information concerning courier importations may be found in the following Memoranda:

D8-2-16, *Courier Imports Remission Order*

(for shipments valued at \$20 or less),

D17-1-2, *Low Value Commercial Goods*

(for shipments valued at less than \$1,200),
D17-1-5, *Release of Commercial Goods*,

Customs Notice N-786.

GENERAL AND OTHER INFORMATION

Supply of Audio Cassette with Publication

29. If an audio cassette relates to a prescribed publication and accompanies that publication when it is sent to Canada, GST is to be collected by the registered supplier on both the cassette and the publication. Customs will not collect GST provided evidence of GST registration is shown in accordance with paragraph 5 of this Memorandum.

Sample Publications

30. Shipments of sample publications are subject to GST, which will be collected at customs, and are valued for GST purposes at the price such publications would normally be sold to consumers on the retail market, except for sample publications from registered foreign suppliers where the suppliers' registration number is shown in the prescribed manner. Where no evidence of registration is provided, the GST will be assessed at time of importation.

Publications as Part of a Membership

31. Canadian residents may apply for membership in a foreign association. Part of the benefit of this membership may be a publication that is of insignificant value in relation to the consideration for the membership, but which is included in a total price paid for the membership. If this is the case, the membership could qualify as an exempt supply under section 17 of Part VI of Schedule V to the *Excise Tax Act*.

32. If the membership qualifies as an exempt supply under section 17 of Part VI of Schedule V to the Act, or the non-resident association is not carrying on a business in Canada, publications which are supplied as part of these memberships is taxable, if the value of the shipment is over \$20. Publications valued \$20 or less are non-taxable under the provisions of section 7 of Schedule VII to the Act.

33. If the publication is of significant value in relation to the consideration for membership (generally considered to be 30% or more), then the membership would not qualify as an exempt supply. In this case, the foreign association would be required to determine whether they would be required to register and collect GST on the value of the membership. To obtain additional information on the requirements for registration, refer to GST Memorandum 6.3, *Imported Publications*, and the GST Guide entitled, *Non-Resident Suppliers of Publications*.

APPENDIX

THE UNITED NATIONS, THE NORTH ATLANTIC TREATY ORGANIZATION AND THEIR SPECIALIZED AGENCIES

ECA	Economic Commission for Africa
ECE	Economic Commission for Europe
ECLAC	Economic Commission for Latin America and the Caribbean
ESCAP	Economic and Social Commission for Asia and the Pacific
ESCWA	Economic and Social Commission for Western Asia
FAO	The Food and Agricultural Organization
GATT	General Agreement on Tariffs and Trade
IAEA	International Atomic Energy Agency
IBRD	International Bank of Reconstruction and Development (World Bank Group)
ICAO	International Civil Aviation Organization
IDA	International Development Association (World Bank Group)
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation (World Bank Group)
ILO	International Labour Organization
IMF	International Monetary Fund
IMCO	Inter-intergovernmental Maritime Consultative Organization
IN-STRAW	International Research and Training Institute for the Advancement of Women
ITU	International Telecommunications Union
NATO	North Atlantic Treaty Organization
UNCHS	United Nations Centre for Human Settlements (HABITAT)
UNC-TAD	UN Conference on Trade and Development
UNDP	UN Development Programme
UNDRO	Office of the United Nations Disaster Relief Coordinator
UNESCO	UN Educational, Scientific and Cultural Organization
UNEP	UN Environment Programme
UNFPA	UN Fund for Population Activities
UNGA	UN General Assembly
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	UN Industrial Development Organization
UNICJ	UN International Court of Justice
UNITAR	UN Institute for Training and Research
UNSC	UN Security Council
UNRWA	UN Works Relief Agency for Palestinian Refugees in the Near East
UNU	UN University

UPU	Universal Postal Union
WFP	World Food Programme
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization
WTO	World Trade Organization

REFERENCES

ISSUING OFFICE

Postal, Courier and Low Value Shipment Division

LEGISLATIVE REFERENCES

Excise Tax Act (as amended by Bill C-62)
subsections 143.1 and 240 (4)
sections 212-216 of Division III and Schedule VII

HEADQUARTERS FILE

7980-1

SUPERSEDED MEMORANDA "D"

Interim Memorandum D5-1-13, March 8, 1991

OTHER REFERENCES

Customs Act, section 101
D8-2-2, *Postal Imports Remission Order*
D8-2-16, *Courier Imports Remission Order*