



# GST/HST Memoranda Series

## 4.5.2 Exports - Tangible Personal Property

**Overview**                      This section provides information on supplies of tangible personal property that are listed in Part V of Schedule VI to the *Excise Tax Act* (the Act) as zero-rated exports for purposes of the Goods and Services Tax (GST) and the Harmonized Sales Tax (HST). Information on supplies of services and on intellectual property is provided in Section 4.5.3, *Exports - Services and Intellectual Property*. Information on the criteria for determining the non-residence status of persons to whom supplies are made in order to determine whether a supply may be zero-rated to that person is provided in Section 4.5.1, *Exports - Determining Residence Status*.

**Disclaimer**                      The information in this memorandum does not replace the law found in the *Excise Tax Act* and its Regulations. It is provided for your reference. As it may not completely address your particular operation, you may wish to refer to the Act or appropriate Regulation, or contact a Canada Revenue Agency (CRA) GST/HST Rulings Centre for more information. These centres are listed in GST/HST Memorandum 1.2, *Canada Revenue Agency GST/HST Rulings Centres*. If you wish to make a technical enquiry on the GST/HST by telephone, please call the toll-free number 1-800-959-8287.

If you are located in the Province of Quebec, please contact Revenu Québec by calling the toll-free number 1-800-567-4692 for additional information.

**Note**                                This section of Chapter 4 supersedes paragraphs 33 to 71 of GST memorandum 300-3-5, *Exports*. Due to the number of revisions, the changes have not been side-barred.

### Exported tangible personal property (other than excisable goods)

Conditions for zero-rating tangible personal property for export  
Sch. VI, Part V, s 1

1. A supply of tangible personal property (other than an excisable good such as spirits, beer or tobacco) made by a person to a recipient (other than a consumer) who intends to export the property is zero-rated, if all of the following conditions are met:
  - (a) the recipient exports the property as soon after the property is delivered to the recipient as is reasonable having regard to the facts of each situation, including the type of property involved and, where applicable, the normal business practice of the recipient;
  - (b) the recipient has not acquired the property for consumption, use or supply in Canada before exportation;

## 4.5.2 Exports - Tangible Personal Property (continued)

---

- (c) the property must not be further processed, transformed or altered in Canada, except to the extent reasonably necessary or incidental to its transportation, after delivery and before its exportation; and
- (d) the supplier must maintain evidence satisfactory to the Minister of exportation of the property by the purchaser.

2. For a supply to be zero-rated under this provision, all the conditions of the provision must be met. The following paragraphs describe each of these conditions in detail and outline the Department's position where applicable.

- intention of and exporting of the property
  - 3. The recipient must have the intention of exporting the property when the supply is made in order for it to be zero-rated. However, it is not sufficient that the recipient merely intends to export the property. The recipient must, in fact, export the property. If the recipient intends to sell the property to another person who will export the property, the supply to the recipient is not zero-rated under this provision.
- carried or sent out of Canada
  - 4. Property will be regarded as exported where the property is carried or sent out of Canada for trade or for consumption, use or supply by the recipient outside Canada, and the property is not consumed, used or supplied en route before delivery to a place outside Canada.
- as soon after the property is delivered by the person to the recipient as is reasonable
  - 5. Whether property is exported as soon after the property is delivered by the person to the recipient as is reasonable will depend on the facts of each situation, including the type of property involved and the general business practices of the recipient. The Department will consider the following factors where the supplier can provide documentary evidence why the property was not exported either immediately after the supply was made, or in the time-frame originally anticipated:
    - (a) a late shipment from a subcontractor delays the shipment of the whole consignment;
    - (b) transportation obstacles have been encountered;
    - (c) some tangible personal property is held in inventory while awaiting delivery of other property before exporting all of the property at once;
    - (d) the delay is attributable to the recipient's normal business practice; or
    - (e) other situations have resulted in unexpected delays.
- not for consumption, use or supply before exportation
  - 6. Paragraph 1(b) of Part V of Schedule VI provides that the property must not be acquired by the recipient for consumption, use or supply by the recipient before the exportation of the property. To determine if the property is for consumption, use or supply in Canada of any person, it is necessary to consider each of the words separately.
    - "Consumption" is generally defined as the act or instance of consuming or the process of being consumed. For example, fuel is consumed in the operation of an internal combustion engine.

#### 4.5.2 Exports - Tangible Personal Property (continued)

---

- "Use" refers to the act or practice of using or employing something. "Use" stresses the practicality of the end result or purpose for which something was acquired and the purpose for which the property was acquired and employed.
- "Supply" means, subject to sections 133 and 134, the provision of property or a service in any manner, including sale, transfer, barter, exchange, licence, rental, lease, gift or disposition.
- further processing
  7. After the supply is made and before the property is exported by the recipient, the property must not be further processed, transformed or altered in Canada except to the extent reasonably necessary or incidental to its transportation in accordance with paragraph 1(c) of Part V of Schedule VI.
  8. "Processing" refers to a technique of preparation, handling or other activity which causes a physical or chemical change in the property, other than natural growth. The activities of breaking bulk and packaging, or repackaging for sale or resale where there is a systematic procedure to make a product more marketable are generally considered to be processing. However, the filling of orders from bulk inventories is not viewed as processing where the activities involved are nothing more than counting or measuring and packaging.
  9. Certain services performed in relation to the property, including inventory-taking, refrigeration, warehousing, export packing or repacking, export labelling, export crating, loading and unloading, and consolidation, will generally not be considered to be further processing, transformation or alteration.
  10. Testing of the property does not constitute further processing, transformation or alteration, providing the nature of the property is not in any way transformed or altered as a result. However, repairs necessary as a result of testing would be considered further processing.
  11. Revenue Canada Interpretation Bulletin IT-145R, *Canadian Manufacturing and Processing Profits - Reduced Rate of Corporate Tax*, provides guidelines for determining whether tangible personal property has been further processed. This bulletin may be obtained from any Revenue Canada tax services office.
- satisfactory evidence of exportation
  12. In accordance with paragraph 1(d) of Part V of Schedule VI, the person must maintain evidence satisfactory to the Minister of the exportation of the property by the recipient of the supply, or where the recipient (an export trading house) is authorized under subsection 221.1(2), the recipient provides the person with a certificate in which the recipient certifies that the property will be exported in the circumstances described in paragraphs (a) to (c) of section 1.

## 4.5.2 Exports - Tangible Personal Property (continued)

---

13. The acceptability of the evidence of exportation (other than an export certificate) will depend on whether the entire shipment of the property can be traced from its origin in Canada to the point where it leaves Canada on its way to a foreign destination. The list of documents that will establish evidence satisfactory to the Minister that the recipient has exported the property from Canada will vary depending on the mode of transportation used to export the tangible personal property and the nature of the tangible personal property. Satisfactory evidence may include the following documents:

- (a) a copy of the sales invoice or purchase contract that identifies the property and the recipient, which should be matched with the respective shipping or delivery instructions on the purchase order;
- (b) a copy of the transportation document that describes the delivery service such as a bill of lading. This document would be issued by or on behalf of a carrier, which is evidence of a contract of carriage as well as proof of delivery of the goods on board a vessel; (Additional information on transportation services will be available in Section 28.2, *Freight Transportation Services*, of Chapter 28, *Special Sectors: Transportation*.)
- (c) customs brokers' or freight forwarders' invoices that relate to the exported goods or shipments of exported goods;
- (d) import documentation required by the country to which the goods are exported;
- (e) in the case of automotive vehicles, boats, ships and aircraft, copies of the registration from the foreign regulatory authority where the property has been licensed;
- (f) any other evidence (that is not generated internally by the recipient) satisfactory to the Department that tangible personal property has been exported.

### Documentation

14. Reference may be made to Appendix A, *Evidence of exportation*, for more details on the documentation that the Department will accept as satisfactory evidence of the exportation of property. Paper documents as well as electronically stored data will be acceptable.

### Export trading house

15. Where the recipient of the supply is an authorized export trading house, the supplier may accept an export certificate, described in subsection 221.1(2), issued by the recipient as evidence of the exportation of the property. The certificate will generally constitute satisfactory evidence of export. Only recipients authorized by the Department to issue such certificates may use the certificates to purchase property on a zero-rated basis under section 1 of Part V of Schedule VI. Refer to the following paragraphs of this section for more information respecting export trading houses.

## 4.5.2 Exports - Tangible Personal Property (continued)

---

### Export trading houses

Term - "export trading house"	16. The term "export trading house" is not specifically defined in the Act. However, the term is generally understood to refer to a person who exports goods not of the person's manufacture.
Satisfactory export documentation	17. A supplier, in the circumstances described below, is permitted to accept, as satisfactory evidence of exportation, a signed statement (i.e., a certificate) from certain persons (other than a consumer) who have been authorized by the Department, certifying that the recipient will export the goods. The recipient must be a GST/HST-registered person engaged exclusively in export trading activities (otherwise known as export trading houses).
Certificate for export trading houses	18. Refer to Appendix B, <i>Certificate for export trading houses</i> , for an example of a certificate acceptable to the Department.
Authorized recipients	<p>19. Only recipients authorized by the Department to issue export certificates may use the certificates to acquire property on a zero-rated basis under section 1. Registrants will be authorized to issue certificates to their suppliers as satisfactory evidence of export if the Department is satisfied that:</p> <ul style="list-style-type: none"><li>• at least 90% of the total value of purchases for resale in the next 12 months will be for export under conditions in which they would be zero-rated under paragraphs (a), (b) and (c) of section 1 of Part V of Schedule VI, i.e., they must not be consumed, used, processed, transformed or altered after being purchased and prior to being exported; and</li><li>• the total value of supplies made by the registrant outside Canada, of goods in the 12 months qualifying for zero-rating under paragraphs (a), (b) and (c) of section 1 of Part V of Schedule VI, will be at least 90% of the registrant's total income for the year from sales of goods.</li></ul>
Export certificates ss 221.1(2) and (3)	20. Persons may apply in writing to their local Revenue Canada tax services office for authorization to issue export certificates. The following details the manner in which the Department will administer the authorizations for export trading houses to issue certificates as well as revocations of authorizations:
Notice of authorization ss 221.1(4)	<p>(a) if the conditions for authorization to issue the certificate have been met, the Department shall inform the applicant in writing of the authorization and its effective date;</p> <p>(b) once the Department has authorized an export trading house to use export certificates, the export trading house may use a rubber stamp or purchase orders printed with the certificate wording to allow it to acquire tangible personal property for export on a zero-rated basis. Alternatively, the authorized export trading house may file a "blanket" or "standing" certificate with its suppliers, an example of which is shown in Appendix C, <i>Blanket certificate</i>. The blanket certificate's validity must be limited to the period that the company is authorized by the Department to use certificates under the arrangement. The Business Number (BN) of the export trading house must appear on each purchase order;</p>

#### 4.5.2 Exports - Tangible Personal Property (continued)

---

- (c) the authorized person will be required to remit tax on supplies of goods that are not for export;
- (d) for each zero-rated purchase made with the use of the certificate, the authorized person must ensure that satisfactory export documentation is kept on file (refer to paragraphs 12 to 14 of this section). Suppliers who make sales on a zero-rated basis that are not evidenced by satisfactory documentation of export will be liable to pay tax;
- Deemed revocation  
ss 221.1(6)
- (e) at the end of each fiscal year, the registrant must ensure that the value of its purchases for resale acquired on a zero-rated basis pursuant to section 1 totals at least 90% of the value of its total purchases in Canada and that the sales made outside Canada total at least 90% of the registrant's total income for the year from sales of goods, otherwise the authorization is deemed revoked effective at the beginning of the next fiscal year;
- Revocation  
ss 221.1(5)
- (f) the Department, by sending a notice of revocation, will be able to revoke a person's authorization to issue certificates as evidence of export to suppliers. A notice of revocation will be issued if the Department is satisfied that the person no longer meets or will no longer meet the conditions for qualifying to issue certificates, or if the registrant fails to comply with any conditions attached to the authorization or any provision for GST/HST. The revocation will be effective on the date specified in the notice;
- (g) the authorization is only valid for the acquisition of tangible personal property (other than excisable goods). Transportation costs related to these acquisitions are normally taxable at the standard rate, unless the supply of the service may be zero-rated pursuant to Part VII of Schedule VI;
- Cessation  
ss 221.1(7)
- (h) an authorization granted to a registrant ceases to have effect on the earlier of:
- the day on which a revocation of the authorization becomes effective, and
  - the day that is three years after the day on which the authorization, or its renewal, became effective; and
- Application after  
revocation  
ss 221.1(8)
- (i) where an authorization granted to a registrant is revoked, effective on a particular day, the Department shall not grant to the registrant another authorization that becomes effective before
- where the authorization was revoked in circumstances described in paragraph 221.1(5)(a) (i.e., where the registrant fails to comply with any condition attached to the authorization or any provision of Part IX of the Act), the day that is two years after the particular day; and
  - in any other case, the first day of the second fiscal year of the registrant commencing after that particular day.

### Supplies to unregistered non-resident carriers

Supplies made to non-resident operators of ships, aircraft or railways  
Sch. VI, Part V, s 2

21. A supply of property or a service (other than a sale of real property) made to non-resident operators of ships, aircraft or railways, who are not registered at the time the supply is made, is zero-rated where the property or service is acquired by the operator for consumption, use or supply

- (a) where the person carries on a business of transporting passengers or property to or from Canada or between places outside Canada by ship, aircraft or railway, in the course of so transporting passengers or property;

The phrase “between places outside Canada” would zero-rate supplies in a situation where transportation of property or passengers does not originate or terminate in Canada, but where the conveyance travels through Canada.

- (b) in the course of operating a ship or aircraft by or on behalf of a government of a country other than Canada; or
- (c) in the course of operating a ship for the purpose of obtaining scientific data outside Canada or for the laying or repairing of oceanic telegraph cables.

Example

An unregistered non-resident person is commercially engaged in the ferrying of aircraft from the United States to Europe. While en route to Europe, the non-resident lands at a Canadian airport to obtain sufficient fuel for the flight over the Atlantic Ocean. As the non-resident is engaged in transporting property between places outside Canada, the supply of the fuel is zero-rated.

Sch. VI, Part V  
para 2(a)

22. Supplies made to an unregistered non-resident person operating a ship, an aircraft or a railway where the supplies are not for consumption, use or supply in the course of transporting passengers or property are not zero-rated. For the supply to be zero-rated, the ship, aircraft or railway must be in service (i.e., on its way to a destination).

Example

The supply to an unregistered non-resident airline of meals for consumption on board or of parts used to operate the aircraft while the aircraft is transporting passengers or property to a destination outside Canada, or inside Canada from abroad, is zero-rated.

23. Additional information respecting section 2 of Part V of Schedule VI is available in Section 4.5.3, *Exports - Services and Intellectual Property*.

Fuel for transporting passengers or property to or from Canada  
Sch. VI, Part V, s 2.1

24. A supply of fuel to persons who are registered at the time the supply is made and who are in the business of transporting passengers or property to or from Canada or between places outside Canada by ship, aircraft or railway is zero-rated when it is for use in the course of so transporting people or property.

25. Under this provision, registered carriers can purchase their supplies of fuel on a zero-rated basis where the fuel is for use in transporting passengers or freight to or from Canada, including journeys both beginning and ending outside Canada.

## 4.5.2 Exports - Tangible Personal Property (continued)

---

### Excisable goods

Excisable goods  
exported in bond  
Sch. VI, Part V, s 3

26. A supply of any good (e.g., spirits, beer and tobacco products) on which an excise duty is imposed pursuant to the *Excise Act* or would be imposed under that Act if the goods were manufactured or produced in Canada, is zero-rated where that supply is made to a recipient who exports the goods in bond.

27. Procedures for exporting the goods in bond are set out under the authority of the *Excise Act*.

### Property supplied with services performed on temporarily imported tangible personal property

Parts for services on  
goods imported solely  
for service  
Sch. VI, Part V, s 4

28. A supply of a service (other than a transportation service) in respect of tangible personal property that is ordinarily situated outside Canada and that is temporarily imported into Canada for the sole purpose of having the service performed, is zero-rated. Effective April 24, 1996, supplies of tangible personal property (e.g., parts) supplied in conjunction with such services are also zero-rated. The tangible personal property must be exported as soon as is practicable after the service is performed to qualify for this tax treatment.

- as soon as practicable after the service is performed

29. Whether the property was exported as soon as practicable after the service was performed will depend on the type of property involved and the general business practices of the person. Paragraph 5 of this section lists the reasons for a delay in exporting property which the Department will consider when evaluating whether the property has been exported as soon as is practicable. The reasons should be supported by documentary evidence.

### Property supplied in conjunction with emergency repair services

Parts for emergency  
repairs to conveyance  
or cargo containers  
Sch. VI, Part V, s 6

30. A supply made by a person to a non-resident recipient of an emergency repair service, and of any tangible personal property supplied in conjunction with such a service, in respect of conveyances or cargo containers while the conveyances or containers are being used or transported by that person in the course of a business of transporting passengers or property is zero-rated. Effective for supplies made on or after April 24, 1996, the carrier receiving the emergency repair service does not necessarily have to be using the conveyance or cargo container in order for the supply to be zero-rated. The conveyance or cargo container may be transported by the person. However, the purpose of the conveyance or cargo container must be to transport passengers or property by any mode of transportation, including road, rail, air and sea.

Example

A domestic carrier is often responsible for repairing damaged conveyances or cargo containers that belong to other carriers while the conveyances or containers are in the domestic carrier's possession. Where such a carrier invoices a non-resident for the repair services or for property supplied in conjunction with those services, the supply is zero-rated.



## 4.5.2 Exports - Tangible Personal Property (continued)

---

Parts for emergency repairs to railway rolling stock  
Sch. VI, Part V, s 6.1

31. Effective April 24, 1996, an emergency repair service (including any tangible personal property supplied in conjunction with the service) in respect of railway rolling stock is zero-rated when supplied to an unregistered non-resident, provided the railway rolling stock is being used in the course of a business to transport passengers or property.

Example

While transporting an empty tank car from Montréal to Quebec City, the domestic carrier notices that one of the wheels of the tank car is damaged. The carrier delivers the empty tank car to a repair facility operated by a firm specializing in repairing railway rolling stock. The repair firm contacts the unregistered non-resident lessor of the tank car and obtains authorization to repair the tank car. Following the repairs, the tank car is returned to the carrier for transportation to Quebec City. The repair service, including the parts, supplied by the repair firm to the unregistered non-resident is zero-rated under section 6.1.

Parts for emergency repairs to or storage of empty cargo containers  
Sch. VI, Part V, s 6.2

32. Effective April 24, 1996, emergency repair or storage services in respect of empty cargo containers (and any tangible personal property supplied in conjunction with the repair service) are zero-rated. To qualify for zero-rating, the following conditions must be met:

- (a) the service must be supplied to an unregistered non-resident;
- (b) the cargo container must be used to transport property to or from Canada;
- (c) the cargo container must be classified under heading 98.01 or subheading 9823.90 of Schedule I to the *Customs Tariff*; and
- (d) the container must be 6.1 metres in length or longer or must have an internal capacity of 14 cubic metres or more.

Example

Goods are imported into Canada. After clearance by Canada Customs, the goods are unloaded and the empty container, which measures 21 feet (6.4 metres) in length, is transferred for storage purposes to a cargo container storage depot located in Canada. The owner of the container is an unregistered non-resident. The container remains in storage until the container owner directs the container storage depot to turn the container over to a carrier. The container storage service supplied by the cargo container storage depot to the unregistered non-resident owner of the container is zero-rated.

"Emergency"

33. The Department will generally consider an "emergency" to be an unforeseen event or combination of events that calls for immediate action. For example, the repairs must be of an urgent nature in that if they are not immediately undertaken they could seriously affect the safety of the conveyance, the property or passengers being transported, and the people working on or about the conveyance. The application of this section would depend on the facts associated with each situation. For example, ongoing maintenance and upkeep that would allow a container to continue to be in service in Canada would not be considered an emergency, and would therefore not meet the requirements of section 6 of Part V of Schedule VI.

## 4.5.2 Exports - Tangible Personal Property (continued)

---

### Duty free shops

34. A duty free shop refers to a place licensed as a duty free shop by the Minister under section 24 of the *Customs Act*.
- Sales by duty free shops  
Sch. VI, Part V, s 11
35. A supply of tangible personal property made by a person operating a duty free shop to an individual at a duty free shop for export by the individual is zero-rated. It is to be noted that all tangible personal property, including excisable goods, sold to an individual for export at a duty free shop is zero-rated under this provision.
36. Duty free shops will be required to maintain and produce the documents required under regulations prescribed pursuant to paragraph 30 of the *Customs Act*. These documentary requirements are set out in Customs Memorandum D4-3-7, *Duty Free Shop Licensee Evaluation and Monitoring System*.
- Sales to duty free shops  
Sch. VI, Part V, s 16
37. Domestic sales to duty free shops of inventory for resale to individuals for export are zero-rated.
38. Persons making zero-rated supplies to a duty free shop must be provided with the licence number of the duty free shop.

### Tangible personal property delivered outside Canada

- Goods sold for export  
Sch. VI, Part V, s 12
39. A supply of tangible personal property is zero-rated where the person delivers the property to a common carrier or mails the property for export. Effective April 24, 1996, there is no longer a requirement that the property must be delivered to the recipient at a place outside Canada in order for the supply to be zero-rated. Provided that the property is delivered to a common carrier, or mailed, for export to an address outside Canada, the supply is zero-rated.
- Example
- A Canadian resident purchases a vehicle from an automobile dealer located in Toronto. Instead of taking physical possession of the vehicle, the resident arranges for a common carrier to pick up the automobile from the dealer's lot for delivery to the resident's son, who is currently living in Portugal. As the dealer is delivering the vehicle to a common carrier for export to Portugal, the supply of the vehicle by the dealer to the Canadian resident may be zero-rated provided the appropriate documentary evidence of exportation is maintained by the dealer.
- Common carrier
40. A common carrier is a person engaged in the business of transporting property from place to place for compensation, and who offers services to the public generally.
- Direct zero-rating to non-residents and armed forces personnel abroad
41. Section 12 of Part V of Schedule VI permits vendors to zero-rate supplies directly to non-resident customers rather than requiring non-residents to pay the tax and, subsequently, to apply for the non-resident's rebate under section 252. This section also applies where property is sent to armed forces personnel abroad via armed forces postal boxes situated in Canada.

## 4.5.2 Exports - Tangible Personal Property (continued)

---

Evidence of export 42. Suppliers must maintain satisfactory evidence that the property has been sent outside Canada. Satisfactory evidence parallels the evidence required under section 1 where the property has been sent by common carrier. Where the property has been sent by mail or courier, a receipt from the person shipping the property will be acceptable as evidence that the property has been exported.

### Property supplied in conjunction with services under warranty of non-resident

Parts and services under warranty  
Sch. VI, Part V, s 13 43. A supply made to an unregistered non-resident person of tangible personal property, or a service performed in respect of tangible personal property where the non-resident person is acquiring the supply to fulfil an obligation made under a warranty is zero-rated.

44. A supply made to an unregistered non-resident person of tangible personal property, where the supply is deemed under section 179 to have been made as a consequence of a transfer of possession of the property in the performance of an obligation of the person under a warranty is also zero-rated.

Warranty in writing 45. The warranty may be issued by any non-resident person, including a dealer or a manufacturer, but the warranty must be in written form.

Example A Canadian subsidiary charges its non-resident parent company, which is not registered for GST/HST purposes, for the supply of services of repairing cars pursuant to a warranty provided by the parent company. The charge for the service is zero-rated.

### Jigs, dies, moulds, tools, fixtures

Production equipment sold to unregistered non-residents  
Sch. VI, Part V, s 14 46. A supply of a jig, die, mould, tool, fixture or an interest therein, made to an unregistered non-resident, for use directly in the manufacture or production of tangible personal property for the non-resident is zero-rated. The tangible personal property does not have to be exported.

Definitions 47. The terms jig, die, mould, tool and fixture are defined as follows:

- jig - means a device used in the accurate machining of goods in process by holding the goods firmly and guiding tools exactly to position;
- die - means a solid or hollow form used for shaping materials by stamping, pressing, extruding, drawing or threading;
- mould - means a hollow form, matrix or cavity into which materials are placed to produce goods of desired shapes;
- tool - means a device for use in, or attachment to, production machinery that is for the assembly of materials or the working of materials by turning, milling, grinding, polishing, drilling, punching, boring, shaping, shearing, pressing or planing;

## 4.5.2 Exports - Tangible Personal Property (continued)

---

- fixture - means a device for holding goods in process while working tools are in operation that does not contain any special arrangement for guiding the working tools.

### Example

A manufacturer in Canada charges its customers for tooling (moulds) required in manufacturing a specific product. The moulds remain in Canada but the goods produced with the use of the moulds are sold to both Canadian and U.S. customers. Pursuant to section 14, the supply of the moulds, or an interest therein, to the non-resident would be zero-rated, provided the moulds are for use directly in the manufacture or production of goods for the non-resident.

## Exports of natural gas

Natural gas exported by pipeline  
Sch. VI, Part V, s 15

48. A supply of natural gas made by a person to a recipient who intends to export the gas by pipeline is zero-rated provided all the following conditions are met:

- (a) the recipient must export the gas as soon after it is delivered as is reasonable;
- (b) the gas must not be acquired by the recipient for consumption, use or supply in Canada, except to the extent that it is used by a carrier as fuel or compressor gas to transport the gas by pipeline before the exportation of the gas by the recipient;
- (c) after the supply is made and before the recipient exports the gas, the gas is not further processed, transformed or altered in Canada except to the extent reasonably necessary or incidental to its transportation; and
- (d) the supplier must maintain evidence satisfactory to the Minister (refer to Appendix A, *Evidence of exportation*) of the exportation of the gas by the recipient.

Additional information

49. Refer to paragraphs 2 to 15 of this section for explanations of the above conditions.

## Floating/mobile homes

Floating/mobile homes exported - not considered real property  
Sch. VI, Part V, s 24

50. Mobile homes not affixed to land and floating homes are considered to be tangible personal property for the purposes of Part V of Schedule VI. Accordingly, the sale of a mobile or floating home is zero-rated if the recipient or the supplier arranges for the exportation of the property from Canada in circumstances described in section 1 or section 12 of Part V of Schedule VI.

### Evidence of exportation

1. Evidence of exportation must enable the entire shipment of tangible personal property to be traced from its origin in Canada to its destination outside Canada. When the specific destination cannot be determined because of industry practices or because the property is homogeneous, the Minister of National Revenue (the "Minister") must be able to ascertain that the property did leave Canada.
2. The following documents will establish evidence satisfactory to the Minister that the tangible personal property has been exported from Canada, whether the supply of the property has been zero-rated or tax has been paid on it. This list is not exhaustive. Paper documents as well as electronically stored data will be acceptable.

#### A. Standard Documentation

- a commercial invoice;
- purchase agreement(s) or billing(s) between the supplier and the customer(s);
- a copy of the transportation document that describes the delivery service. This could be in the form of a bill of lading issued by or on behalf of a carrier. A bill of lading can also be replaced by non-negotiable documents such as a pro-bill, way-bill, consist sheet, sea waybill, liner waybill, freight receipt, combined or multimodal transport documents. When bills of lading are not used in the relevant trade, the parties should either use the terms "Free Carrier (name point)" or "Freight/Carriage paid to (name point)" or alternatively, stipulate in the F.O.B., C.& F. and C.I.F. terms that the seller should provide the buyer with the usual documents or other evidence of the delivery of the goods to the carrier;
- customs brokers' or freight forwarders' invoices relating to the supply;
- import documentation required by the country where the goods are exported; and
- copies of the documents from the foreign regulatory authority if the property has been licensed in the case of automotive vehicles, including boats, ships and aircraft.

For exports to the United States of America:

- embossed copy of U.S. Entry Summary, Form 7501 (this document is invalid unless filled out at the moment of exportation);
- U.S. Customs entry; and
- U.S. Certificate of Disposition of Imported Merchandise (Form 3227).

### B. Documentation Unique to Specific Modes of Transportation

- Shipments via vessel
  - independent inspector's reports;
  - ullage (loss by evaporation) reports;
  - inspection reports: certificate of quantity and quality loaded;
  - landed certificates and meter tickets at port of discharge;
  - form A 6, *General Declaration*;
  - meter tickets; and
  - form E 15, *Identification of Goods Exported or Destroyed*, validated by an authorized officer of Canada Customs.
  
- Shipments via rail
  - meter tickets;
  - form E 15, *Identification of Goods Exported or Destroyed*, validated by an authorized officer of Canada Customs; and
  - destination receiving reports.
  
- Shipments via pipeline (assuming that the vendor is always the shipper)
  - pipeline meter tickets or other evidence that the goods were shipped via a continuous outbound freight movement; and
  - a pipeline statement, which is usually provided on a monthly basis, detailing movements.
  
- Shipments of non-motive products by truck
  - invoice for transportation charges from the carrier hired by the customer;
  - destination receiving reports; and
  - form E 15, *Identification of Goods Exported or Destroyed*, validated by an authorized officer of Canada Customs.

#### 4.5.2 Exports - Tangible Personal Property (continued)

---

- Shipments of motive products by truck (this could include gasoline and diesel fuel where sales are F.O.B. the rack or F.O.B. a Canadian origin)
  - petroleum loading tickets;
  - invoice for transportation charges from the carrier hired by the customer; and
  - destination receiving reports.

3. Registrants who may have problems determining the appropriate export documentation for their particular situations may contact their Revenue Canada tax services office for assistance.

**Certificate for export trading houses**

The following example will generally be considered acceptable to the Minister of National Revenue:

I, \_\_\_\_\_, HEREBY CERTIFY that to the best of my knowledge the property listed below will be exported in accordance with each of the conditions set out in section 1 of Part V of Schedule VI to the *Excise Tax Act* and that I am authorized to execute this certification on behalf of \_\_\_\_\_.

Business Number:

_____	_____
Date	Signature
	_____
	Name (Print)
	_____
	Office or Position
	_____
	Name of Export Trading House



**Blanket certificate**

The following example may be used as an alternative to using a rubber stamp or purchase order printed with the certificate wording as shown in Appendix B:

I, \_\_\_\_\_, HEREBY CERTIFY that the (specify name of product or type of property - attach list if necessary) which will be purchased from (name of supplier) during the period from \_\_\_\_\_ to \_\_\_\_\_ will be exported in accordance with each of the conditions set out in section 1 of Part V of Schedule VI to the *Excise Tax Act* and that I am authorized to execute this certification on behalf of \_\_\_\_\_.

Business Number:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (Print)

\_\_\_\_\_  
Office or Position

\_\_\_\_\_  
Name of Export Trading House