



Ottawa, May 1, 2006

# CUSTOMS NOTICE 641

## Reporting the Value of Exported Goods

1. The purpose of this notice is to clarify what value must be stated on an export declaration when the exporter is a non-resident and the goods are being shipped directly from Canada to a third party.

2. Goods exported from Canada must be reported to the Canada Border Services Agency (CBSA) on an export declaration if they are exported to non-U.S. destinations and they have a commercial value of CAN\$2,000 or more, or are controlled, regulated or prohibited, regardless of value.

3. **Note:** Goods exported to the United States do not have to be reported on an export declaration; however, if the goods are controlled, regulated or prohibited, the appropriate permit, licence or certificate must be presented.

4. When reporting exports to the CBSA, the exporter must ensure that an export declaration is completed and that the value of the goods is stated. For a list of exports that require an export declaration, see Memorandum D20-1-1, *Export Reporting*.

5. There are four types of export declarations: Form B13A, *Export Declaration*; Canadian Automated Export Declaration (CAED); G7 Electronic Data Interchange (EDI) Export Reporting; and Summary Reporting.

6. The value of the goods includes the freight charges, handling, insurance or similar charges incurred to the place of exit from Canada (minus any discounts entered into prior to exportation), but excludes these charges from the Canadian place of exit to the foreign destination. If the goods were shipped "no charge," the stated value would be the value the goods were sold for under normal conditions.

7. The value reported on an export declaration is the amount that is paid to Canada.

(a) Example: a company in Italy, which has registered for a non-resident Canadian Business Number, purchases goods from Canada at a cost of CAN\$2,500 and asks the producer/supplier in Canada to ship the goods directly from Canada to the purchaser in Egypt. The producer/supplier puts an invoice of CAN\$3,500 in the shipment, which is the price to be paid to the Italian company by the purchaser in Egypt. The value stated on the export declaration is CAN\$2,500, which is the amount that is paid to Canada.

(i) If the purchase price for the company in Italy is less than CAN\$2,000, and the invoice to the company in Egypt is CAN\$2,500, an export declaration is not required because the amount that is paid to Canada is less than CAN\$2,000.

(b) Example: a company in Italy contacts its subsidiary in Canada to provide goods to a purchaser in Egypt. The subsidiary buys the goods from a producer/supplier in Canada at a cost of CAN\$2,500 and ships them directly from Canada to the purchaser in Egypt. The price paid to the producer/supplier is not a factor in determining the value to be reported to the CBSA because this is a domestic purchase. The subsidiary in Canada charges its customer in Egypt CAN\$3,500 and puts an invoice of CAN\$3,500 in the shipment. The value stated on the export declaration is CAN\$3,500.

(i) If the price paid to the subsidiary in Canada is less than CAN\$2,000, an export declaration is not required.

(c) Example: a company in Italy, which has registered for a non-resident Canadian Business Number, purchases goods from its Canadian subsidiary at a cost of CAN\$2,500 and asks the subsidiary to ship the goods directly from Canada to the purchaser in Egypt. The subsidiary puts an invoice of CAN\$3,500 in the shipment, which is the price to be paid to the company in Italy by the purchaser in Egypt. The value stated on the export declaration is CAN\$2,500, which is the amount that is paid to Canada.

(i) If the purchase price that the company in Italy pays to its subsidiary is less than CAN\$2,000, and the invoice to the company in Egypt is CAN\$2,500, an export declaration is not required because the amount that is paid to Canada is less than CAN\$2,000.

8. To avoid any confusion regarding the value of the goods, and in addition to describing the item, it is recommended that the person completing the export declaration add the following statement in the item description field: *Goods are being sold to a third party at a higher value.*

9. For additional information contact:

Export Process  
Commercial Policy Division  
Border and Compliance Programs Directorate  
Admissibility Branch  
Canada Border Services Agency  
15th floor  
Sir Richard Scott Building  
191 Laurier Avenue West  
Ottawa ON K1A 0L8

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