



Ottawa, June 13, 2003

CUSTOMS NOTICE N-518

Temporary Importation of Vehicles and Equipment by Non-Resident Tour Operators

1. This Notice is to clarify the treatment of vehicles, such as vans and buses, and other tour-related equipment, such as bicycles, tents, kayaks, and trailers, imported temporarily by non-resident tour operators for use in conducting tours in Canada. The treatment of the goods depends on whether the tour participants are residents or non-residents and whether the tour starts in Canada.

Non-Resident Tour Participants

2. Where the participants are all **non-residents** and they start and end the tour at a point **outside of Canada**, the vehicle should be classified under heading 98.01 and the tour-related equipment under tariff item no. 9803.00.00.
3. Where the participants are all **non-residents** and they start the tour at a point **inside of Canada**, the vehicle and the tour-related equipment should be classified under tariff item no. 9803.00.00. An example would be where the participants fly into Calgary and are met by the tour operator who takes the group on a two-week adventure tour of Alberta and British Columbia. Whether the participants return to Calgary at the end of the tour or, as part of the tour, leave Canada does not affect the classification of the vehicle or equipment.
4. Tariff heading 98.01 reads as follows:

Conveyances or containers of Chapters 86, 87, 88 or 89, engaged in the international commercial transportation of goods or passengers, including any ancillary equipment necessary to ensure the safety, security, containment and preservation of the goods or passengers.
5. Tariff item no. 9803.00.00 reads as follows:

Conveyances and baggage temporarily imported by a person who is not a resident of Canada for use by that person in Canada.
6. For the tour-related equipment and/or the vehicle to qualify for tariff item no. 9803.00.00 the following conditions must be met:

- (a) the tour must have been booked outside of Canada;
- (b) the participants must all be non-residents of Canada;

(c) the tour-related equipment and vehicle must be for the exclusive use of the non-resident participants; and

(d) the tour related equipment and vehicle must leave Canada at the conclusion of the tour.

7. Where the tour operator wishes to retain the tour-related equipment in Canada between tours, tariff item no. 9803.00.00 does not apply. Using the example of the non-resident participants arriving in Calgary to meet the tour operator, if the tour ends in Calgary, the tour operator must immediately export the vehicle and tour-related equipment. The tour operator cannot drop off one group and pick up a second group without exporting the tour-related equipment and vehicle between tours.

8. Goods that qualify under tariff heading 98.01 and tariff item no. 9803.000.00 are non-taxable for Goods and Services Tax (GST) purposes under Section 1 of Schedule VII to the *Excise Tax Act*.

9. Vehicles classified under tariff heading 98.01 are not required to be entered into the Registrar of Imported Vehicles (RIV) Program.

Resident Tour Participants

10. Where a tour group entering Canada consists of **non-residents and residents**, the vehicle is still entitled to the provisions of tariff heading 98.01 as long as the tour ends **outside of Canada**. The tour-related equipment does not qualify for tariff item no. 9803.00.00. The equipment may qualify for customs duty free entry under tariff item no. 9993.00.00 but it is subject to the GST.

11. Where the tour enters Canada carrying non-resident participants and intends to pick up **resident** participants during the course of the tour, or where the tour is made up entirely of **resident** participants, tariff heading 98.01 and tariff item no. 9803.00.00 do not apply. The vehicle and tour-related equipment may qualify for customs duty free entry under tariff item no. 9993.00.00 but are not accorded non-taxable status for GST.

12. The vehicle must comply with the *Motor Vehicle Safety Act* and it must be entered into the Registrar of Imported Vehicles (RIV) Program.

13. Generally, where the importer is a GST registrant, an input tax credit may be claimed for tax paid on importation.

14. Where the tour operator is required to pay the GST should the operator decide to re-import the goods into Canada at a later date, where the goods are clearly

identifiable as the goods that have been tax paid, they may be entitled to re-enter Canada classified under tariff item no. 9814.00.00. Based on proposed GST amendments, goods classified under this tariff item are entitled to GST relief unless, prior to their re-importation, they were supplied:

- (a) outside Canada by way of sale;
- (b) outside Canada by way of lease, license, or similar arrangement;
- (c) in Canada for export, under conditions resulting in zero-rating of the supply under Part V of Schedule VI to the *Excise Tax Act*; or
- (d) in Canada to a recipient who claimed, or was entitled to claim, a rebate for tax paid on the goods under subsection 252(1) and the goods are being imported for the first time after that supply.

15. In addition, the claiming of an input tax credit for the tax paid on the initial importation of the goods does not disqualify the goods from being non-taxable for GST purposes when classified under tariff item no. 9814.00.00.

16. For information or questions concerning the tariff items referred to in this notice, please contact the following office:

Trade Incentives and Refunds Unit
 Trade Incentives Programs Division
 Trade Policy and Interpretation Directorate
 4th floor
 Killeany Place
 150 Isabella Street
 Ottawa, ON K1A 0L5

Telephone: (613) 954-6878
 Facsimile: (613) 952-3971

17. For GST information, please contact:

Border Issues Unit
 General Operations and Border Issues Division
 Excise and GST/HST Rulings Directorate
 Place de Ville, Tower A, 15th floor,
 320 Queen Street
 Ottawa, ON K1A 0L5

Telephone: (613) 952-8810
 Facsimile: (613) 990-1233