



Memorandum D8-2-10

Ottawa, September 8, 2015

Goods Returning to Canada Having Been Repaired Outside of Canada

In Brief

This document contains editing revisions which do not affect or change existing policies or procedures, including changes to the Canada Border Services Agency organizational structure.

This memorandum has been published to clarify the Goods and Services Tax/Harmonized Sales Tax (GST/HST) and customs duty treatment of goods returning to Canada having been repaired outside of Canada other than goods which are eligible under tariff item Nos. 9971.00.00 or 9992.00.00.

Such goods returning to Canada having been repaired outside of Canada are subject to customs duties on the **value of the good** unless they are eligible for full or partial customs duty relief. As well, the goods may be eligible for a reduction of the GST/HST if the conditions of paragraph 3(j) of the [Non-taxable Imported Goods \(GST/HST\) Regulations](#) or section 13 of the [Value of Imported Goods \(GST/HST\) Regulations](#) are met. If neither of these provisions are applicable, the goods may be subject to the GST/HST on the **value of the good**.

Guidelines and General Information

Definitions

1. For the purposes of administering tariff item Nos. 9992.00.00 and 9971.00.00, as well as the Canadian Goods Abroad Program (CGAP), the term “repair” is defined as a corrective maintenance activity, which restores an item to its original “as-finished” condition. It includes replacing pieces of the good with new, reconditioned, overhauled or rebuilt components. “Repair” includes, but is not limited to, activities such as restoration, renovation, re-dyeing, cleaning, re-sterilizing.
2. For the purposes of the CGAP, “Canadian value” is defined to be the value of the good at the time of importation, according to the valuation provisions in the [Customs Act](#), less the value of the repair.

GST/HST Treatment

3. Goods that are imported after having been exported for warranty repair work are non-taxable for GST/HST purposes pursuant to paragraph 3(j) of the [Non-taxable Imported Goods \(GST/HST\) Regulations](#).
4. Where the repair work is not performed pursuant to a warranty, but the conditions of section 13 of the [Value of Imported Goods \(GST/HST\) Regulations](#) are met, GST/HST is only payable on the value of the work done outside of Canada, including the value of added goods, and any customs duties owing. Generally, this treatment is conditional on the last importation of the good not having been based on a reduced value, not having been made on a non-taxable basis, and not having given rise to an imported goods rebate for the tax on the importation. The good must also not have been supplied prior to its re-importation without tax having applied to that supply because it was either made outside Canada or was zero-rated as an export, nor must the recipient of that supply have been entitled to a non-resident rebate in respect of the supply.

5. Where neither the conditions of paragraph 3(j) of the [Non-taxable Imported Goods \(GST/HST\) Regulations](#) nor of section 13 of the [Value of Imported Goods \(GST/HST\) Regulations](#) are met, the goods are subject to the GST/HST on the value for duty.

Goods Repaired in a Free-trade Partner Country

6. Goods that are returned to Canada, other than vessels of tariff item No. 9971.00.00, regardless of country of origin, after having been exported for repair or alteration to a free-trade partner country, are customs duty-free under tariff item No. 9992.00.00. The tariff item applies whether or not the repair is performed under a warranty. Parts incorporated into the repaired goods are not classified separately. If the repair was not a warranty repair under paragraph 3(j) of the [Non-taxable Imported Goods \(GST/HST\) Regulations](#), GST/HST is payable on the value of the repair, including any new parts. For additional information on tariff item No. 9992.00.00 see [Memorandum D8-2-26, Goods Returned After Repair or Alteration in the United States, Mexico, Chile, Israel or Another CIFTA Beneficiary, Colombia, Costa Rica, Peru, Jordan or Panama](#). For additional information on tariff item No. 9971.00.00, see [Memorandum D8-2-25, Canadian Vessels Repaired or Altered in the United States, Mexico, Chile, Israel or Another CIFTA Beneficiary, Colombia, Costa Rica, Peru, Jordan, Panama, Iceland, Liechtenstein, Switzerland or Norway](#).

7. Where neither the conditions of paragraph 3(j) of the [Non-taxable Imported Goods \(GST/HST\) Regulations](#) to the [Excise Tax Act](#) nor of section 13 of the [Value of Imported Goods \(GST/HST\) Regulations](#) are met, the goods are subject to the GST/HST on the value of the goods according to the valuation provisions in the [Customs Act](#). In the rare instances where this occurs, on the Form [B3-3](#), the goods are classified in field 27 according to the classification number in the schedule to the [Customs Tariff](#) and the first four digits of tariff item No. 9992.00.00 or 9971.00.00 are shown in the tariff code field 28. In this case, the value for duty shown on the Form B3-3 must be the value of the goods according to the valuation provisions in the [Customs Act](#). The customs duties owing will be calculated as 0 while the GST/HST will be collected on the value for duty.

Goods Repaired in a Country Other Than a Free Trade Partner Country of Tariff Item Nos. 9971.00.00 and 9992.00.00

8. There are five different scenarios for goods returning to Canada that have been repaired in a country other than a free-trade partner country of tariff item Nos. 9971.00.00 and 9992.00.00. For all five scenarios the goods are accounted for on a Form [B3-3](#). The CGAP and section 13 of the [Value of Imported Goods \(GST/HST\) Regulations](#) also require the importer to present acceptable proof of export and an invoice containing a complete description and costs of the foreign repair work.

Scenario One

9. Customs duty free when classified in Chapters 1 to 97 of the [Customs Tariff](#) and entitled to GST/HST relief under paragraph 3(j) of the [Non-taxable Imported Goods \(GST/HST\) Regulations](#) or section 13 of the of the [Value of Imported Goods \(GST/HST\) Regulations](#).

10. If the goods are non-taxable for GST/HST purposes under paragraph 3(j) of the [Non-taxable Imported Goods \(GST/HST\) Regulations](#), a single line entry is required and GST/HST Tax Status Code 66 is entered in field 35. The value for duty of the good should be reported according to the valuation provisions in the [Customs Act](#).

11. Where the goods are customs duty free when classified in Chapters 1 to 97 of the [Customs Tariff](#) and section 13 of the [Value of Imported Goods \(GST/HST\) Regulations](#) applies, a two-line entry is required as follows:

1st line: The first line reports the value of the good according to the valuation provisions in the [Customs Act](#). GST/HST Tax Status Code 50 is entered in field 35.

2nd line: The second line reports the same classification number but the value for duty is the cost of the repair. No special authorization codes or GST/HST Tax Status Codes are required as the duties calculated as owing will be "0" and the GST/HST owing will be calculated on the value of the repair.

Scenario Two

12. Customs duty free when classified in Chapters 1 to 97 of the [Customs Tariff](#) and not entitled to GST/HST relief under paragraph 3(j) of the [Non-taxable Imported Goods \(GST/HST\) Regulations](#) or section 13 of the [Value of Imported Goods \(GST/HST\) Regulations](#).

13. Where the goods are customs duty free when classified in Chapters 1 to 97 of the [Customs Tariff](#) and not entitled to GST/HST relief under paragraph 3(j) of the [Non-taxable Imported Goods \(GST/HST\) Regulations](#) or section 13 of the [Value of Imported Goods \(GST/HST\) Regulations](#), a single line entry is used. The goods are, for all intents and purposes, being imported as if they have never been in Canada before. GST/HST is paid on the value for duty of the goods.

Scenario Three

14. Subject to customs duty but eligible under the CGAP and entitled to GST/HST relief under paragraph 3(j) of the [Non-taxable Imported Goods \(GST/HST\) Regulations](#) or section 13 of the [Value of Imported Goods \(GST/HST\) Regulations](#).

15. Where the goods are subject to customs duty when classified in Chapters 1 to 97 of the [Customs Tariff](#) and eligible under the CGAP, the importation must be a two-line entry:

1st line: The first line is the “Canadian value” of the good as defined in paragraph 2. Special authorization code 98-01-0101 is entered in field 26. This code provides relief from the customs duties owing as well as the GST/HST.

2nd line: The second line reports the same classification number but the value for duty is the value of the repair work. Customs duties and GST/HST are calculated and collected on this value unless paragraph 3(j) of the [Non-taxable Imported Goods \(GST/HST\) Regulations](#) is applicable. If paragraph 3(j) is applicable, GST/HST Tax Status Code 66 is entered in field 35 and only customs duties are paid on the value of the repair.

Scenario Four

16. Subject to customs duty, not eligible under the CGAP but entitled to GST/HST relief under paragraph 3(j) of the [Non-taxable Imported Goods \(GST/HST\) Regulations](#) or section 13 of the [Value of Imported Goods \(GST/HST\) Regulations](#).

17. Where the goods are subject to customs duty, not eligible under the CGAP, but are eligible for the provisions of paragraph 3(j) of the [Non-taxable Imported Goods \(GST/HST\) Regulations](#), a single line entry is sufficient. The value of the good is reported according to the valuation provisions in the [Customs Act](#), and GST/HST Tax Status Code 66 is entered in field 35.

18. Where the goods are subject to customs duty, not eligible for the CGAP and paragraph 3(j) of the [Non-taxable Imported Goods \(GST/HST\) Regulations](#) does not apply but section 13 of the [Value of Imported Goods \(GST/HST\) Regulations](#) does apply, a two-line entry is required:

1st line: The first line is the value of the good at time of importation according to the valuation provisions in the [Customs Act](#). GST/HST Tax Status Code 50 is entered in field 35. Customs duties are paid against this line.

2nd line: The second-line reports the same classification number but the value for duty is the value of the repairs plus the customs duties owing as calculated in the first line. Special authorization code 90-0130 is entered in field 26. This code provides relief from the customs duties on that line but GST/HST is paid on the value of the repair plus the customs duties.

Scenario Five

19. Subject to customs duty, not eligible under the CGAP and not entitled to GST/HST relief under paragraph 3(j) of the [Non-taxable Imported Goods \(GST/HST\) Regulations](#) or section 13 of the [Value of Imported Goods \(GST/HST\) Regulations](#).

20. Where the goods are subject to customs duty, not eligible under the CGAP and not entitled to GST/HST relief under paragraph 3(j) of the [Non-taxable Imported Goods \(GST/HST\) Regulations](#) or section 13 of the [Value of](#)

[Imported Goods \(GST/HST\) Regulations](#), a single-line entry is sufficient. The goods are, for all intents and purposes, being imported as if they have never been in Canada before. The GST/HST is calculated based on the value for duty.

Replacement Goods

21. Where a replacement good is provided to a customer rather than repairing the original good, the replacement good is classified under Chapters 1 to 97 of the [Customs Tariff](#) and full customs duties are owing. The importation of the replacement good is subject to GST/HST unless the conditions of section 5 of Schedule VII to the [Excise Tax Act](#) are met.

22. GST/HST relief under section 5 is for warranty goods, whether the warranty relates to tangible personal property or to property that has been incorporated into real property.

23. Where the conditions of section 5 are met, GST/HST Tax Status Code 55 is entered in field 35. The invoice or written statement from the non-resident supplier must provide the value of the replacement good even where there is no charge to the importer.

Additional Information

24. For more information, within Canada call the Border Information Service at **1-800-461-9999**. From outside Canada call 204-983-3500 or 506-636-5064. Long distance charges will apply. Agents are available Monday to Friday (08:00 – 16:00 local time / except holidays). TTY is also available within Canada: **1-866-335-3237**.

References	
Issuing Office	Trade and Anti-dumping Programs Directorate
Headquarters File	6564-1
Legislative References	Customs Tariff Customs Act Excise Tax Act Non-taxable Imported Goods (GST/HST) Regulations Value of Imported Goods (GST/HST) Regulations
Other References	D8-2-1 , D8-2-25 , D8-2-26 Form B3-3
Superseded Memorandum D	D8-2-10 dated September 16, 2005