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**Parent Policy: [Supply of Goods and Services Policy](#)**

## Acquisition of Foreign Goods and Services Procedure

<b>Office of Administrative Responsibility:</b>	Supply Management Services
<b>Approver:</b>	Associate Vice-President (Finance and Supply Management Services)
<b>Scope:</b>	Compliance with this university policy/procedure extends to all Academic Staff and Colleagues and Support Staff as outlined and defined in Recruitment Policy (Appendix A and Appendix B).

<b>Contact for questions about this procedure:</b>	<b>SMS Customer Service</b> <b>780-492-4668</b> <b>customerservice@sms.ualberta.ca</b>
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### Overview

Goods and services obtained from foreign suppliers, by the University of Alberta, are subject to customs and taxation legislations, particularly the *Customs Act and Excise Tax Act of Canada*, when brought into Canada. This applies to all goods and services acquired then shipped to, carried to or used in Canada.

### Purpose

The purpose of this procedure is to ensure that all foreign **acquisitions** are made in compliance with Canadian legislation and with University of Alberta policies. This procedure outlines common types of no-charge transactions with foreign suppliers, methods of purchasing goods or services from foreign suppliers and the obligation of the University to declare all commercial goods upon entry into Canada regardless of the method of acquisition or of carriage across the border.

## **PROCEDURE**

### 1. ACQUIRING GOODS FROM A FOREIGN SUPPLIER

All goods and services acquired for the use of the University of Alberta are defined by Canadian legislation to be **commercial goods**. This simply means that the goods and services, whether purchased or not, must be reported to Canada Border Services Agency (CBSA) at the point of entry into Canada and applicable duties and taxes must be paid. Import duties and taxes are based on the declared value of the goods in Canadian funds.

#### a. No-Charge Transactions

The true value of goods received at no charge must be reported to CBSA. Common no-charge transactions are:

- i. warranty repairs
- ii. accepting goods on loan

- iii. receiving gifts or donations
- iv. accepting bonus items provided at no charge by a foreign supplier
- v. receiving collaborative research samples or free samples from foreign suppliers
- vi. redeeming goods through a foreign supplier's frequent buyers or rewards program

The value declared upon import should be equivalent to the value of identical or similar goods sold for export to Canada to a purchaser in Canada, from that foreign supplier at substantially the same time and in the same quantities. This basically means that the normal purchase price should be declared as the value.

If goods received are a gift or donation, refer to the *Gift and Donation Acceptance Procedure* for further information.

#### b. Purchasing Goods and Services (Including purchases to be reimbursed by the University)

The total price paid or payable to the foreign supplier using University funds must be reported to CBSA. Purchase transactions may include:

- contracting for repair or replacement of goods from a foreign supplier
- purchasing new goods, services or intellectual property from a foreign supplier

Goods may be purchased from foreign suppliers using one of several distributed purchasing methods. The type and value of the commodity ordered will determine the appropriate purchasing method to be used.

#### i. Expense Claim Reimbursement:

This purchasing method may be used if goods or services were purchased outside of Canada using personal resources, and the expenses are eligible for reimbursement under the *Expense Reimbursement Goods and Services Procedure*.

#### ii. Low Dollar Purchase (LDP) System:

This purchasing method may be used if foreign goods are not **restricted or controlled** as specified in the *Low Dollar (LDP) System Procedure Manual* and the value of the goods does not exceed the foreign equivalent of \$2,500 CAD.

#### iii. Corporate Purchasing Card (P-Card) System:

This purchasing method may be used if foreign goods are not restricted or controlled as specified in the *Corporate Purchasing Card System Manual* and the value of the goods does not exceed the cardholder's transaction limit.

#### iv. Purchase Requisition/Order:

A purchase requisition must be used to order restricted or controlled goods, regardless of value, or if none of the previously mentioned purchase methods are available.

#### v. Renting or Leasing Goods

The value declared upon import should be equivalent to the value of identical or similar goods sold for export to Canada to a purchaser in Canada, from that foreign supplier at substantially the same time and in the same quantities. This basically means that the normal purchase price should be declared as the value, rather than the lease or rental cost.

## 2. RESTRICTED AND CONTROLLED GOODS

Import permits, licenses, certificates or other import declarations may be required to satisfy the import requirements of other Canadian government agencies, such as Health Canada and Canadian Food Inspection Agency. It is important to note that the necessary permits and licenses must be in the possession of the importer prior to the goods arriving at the Canadian border. To avoid shipment delays and potential penalties, permits must be obtained before placing an order with the foreign supplier. Refer to the *Customs Permit Procedure* for further information.

### 3. FOREIGN GOODS AND SERVICES CONSUMED OR USED OUTSIDE OF CANADA

Situations arise where goods and/or services may be purchased outside of Canada and are never brought into Canada. Typically, purchases of consumable foreign goods, such as food, accommodation, or supplies expended in the course of field research are not subject to Canadian customs reporting or the payment of duties and taxes, when used or **consumed** exclusively abroad.

Services performed outside of Canada to University owned assets, such as the repair of equipment or the installation of software to a laptop are subject to customs reporting requirements upon return to Canada. Any University owned assets (including items purchased by Professional Expense Allowance) taken out of the country, then advanced in value (including repair), must be declared to CBSA. Duties and taxes are payable on the value of the work done outside of Canada, once the goods return to Canada.

### 4. TRANSPORTING FOREIGN GOODS INTO CANADA

The most common means of importing goods into Canada is by shipping the goods from a foreign country to Canada with a commercial courier, carrier or by mail. Once the shipment arrives at the Canadian border, the carrier reports the arrival to CBSA. Release of the shipment is subsequently obtained from CBSA through the services of a customs broker acting on behalf of the University.

Another means of bringing goods into Canada is for the foreign goods to accompany a traveler. While traveling on University of Alberta business, an individual may bring commercial goods into Canada:

- a. in his/her personal or rented vehicle
- b. as carry-on or checked baggage on a bus or other mode of ground or water transportation
- c. as carry-on or checked baggage on an air flight

When foreign goods accompany an individual entering Canada, it is the responsibility of the individual to report the goods to CBSA. At the time of entry into Canada, the traveler must submit to CBSA, a formal B3 Canada Customs Coding Form with payment of duties and taxes. A personal traveler's declaration card is not sufficient for commercial goods intended for use by the University of Alberta.

Note: Personal (**casual**) goods must not be packaged together with commercial goods for the University when shipped to Canada. For example, an individual's personal belongings, if combined with University goods, may be deemed as commercial goods. Duties and taxes would be payable on the personal belongings that might otherwise be imported as tax exempt.

**Intangible** foreign goods may enter Canada electronically. This is becoming increasingly common through the use of the internet and electronic interface capability. For example, software purchased from a foreign supplier which is downloaded via the internet to a computer located in Canada, for use in Canada. Although there is not currently a Canadian customs reporting requirement, GST must be self-assessed by the University of Alberta. Refer to the *Guide to Financial Management, GST Self Assessment* for further information.

### 5. NON-COMPLIANCE

It is the responsibility and the obligation of the importer in Canada to ensure imported goods and services are compliant with the Customs Act and its associated regulations. Failure to properly declare commercial goods, pay duties and taxes and to keep all associated documents may result in penalties under the Administrative Monetary Penalties System (AMPS). Depending upon the type and frequency of the contravention, penalties may range from

\$100 to \$25,000 per contravention. Payment of penalties is the responsibility of the department ordering or taking possession of the imported goods.

## 6. SUPPORTING DOCUMENTATION

Documentary evidence of foreign acquisitions is the responsibility of the **importer of record**, the University of Alberta. All documentation relating to a foreign acquisition must be retained by the University for 6 years plus the current year. CBSA requires the University as the importer to maintain all documents that relate to:

- a. the origin, marking, purchase, importation, costs and value of the commercial goods
- b. payment for the commercial goods to the foreign supplier
- c. the disposal of the commercial goods in Canada

Because the authority to acquire foreign goods may be distributed to University departments, faculties and units, the responsibility to maintain documents is also distributed. All documents relating to an imported supply must be readily and easily accessible for review upon the request of a CBSA or Canada Revenue Agency (CRA) officer. It is strongly recommended that supporting documents be filed by the name of the foreign supplier in the year in which the transactions occurred.

## DEFINITIONS

Any definitions listed in the following table apply to this document only with no implied or intended institution-wide use. [ <a href="#">▲Top</a> ]	
<b>Acquisitions</b>	Items come into possession or control of, whether or not ownership is transferred
<b>Commercial goods</b>	Goods to be imported into Canada for sale, or for any commercial, industrial, occupational, institutional, or other like use.
<b>Restricted or controlled (goods)</b>	Goods, upon import into Canada, requiring an Import Permit, License or Certificate under any act of parliament.
<b>Consumed</b>	Used completely, as of services, resources or materials; eaten
<b>Casual (goods)</b>	Goods imported into Canada exclusively for the personal use, enjoyment or consumption of the importer; other than goods imported for sale, or for any commercial, industrial, occupational, institutional, or other like use.
<b>Intangible</b>	Assets that are saleable though not material or physical
<b>Importer of record</b>	The responsible party who imports goods or causes goods to be imported into Canada.

## FORMS

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## RELATED LINKS

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[Corporate Purchasing Card System Manual](#) (University of Alberta)

[Customs Permit Procedure](#) (UAPPOL)



## U of A Policies and Procedures On-Line (UAPPOL)

[Expense Reimbursement Goods and Services Procedure](#)

[Donation Acceptance Procedure](#) (UAPPOL)

[Guide to Financial Management, GST Self-Assessments](#) (University of Alberta)