

Non-Resident Importer Status Gives U.S. Businesses a Competitive Edge in Canada

Last year more than \$1.73 billion worth of goods crossed the U.S./Canadian border on a daily basis. For many U.S. businesses, Canada has been a tremendous source of economic growth and expansion. But with that opportunity comes a battery of customs regulations and government mandates that can make it difficult for U.S. businesses to compete in Canada. Fortunately, the Canadian government has taken steps to ease the ability of U.S. businesses to enter the Canadian market. Specifically, Canada's Non-Resident Importer (NRI) program allows U.S. businesses to conduct business on par with businesses in Canada, thus paving the way for more U.S. businesses to succeed.

Purolator International recently released a new white paper, "Improved Canadian Market Access for U.S. Businesses," that provides a detailed overview of the program. The paper discusses the specific benefits of being a non-resident importer and also details the process for attaining NRI status.

What is a Non-Resident Importer?

According to Livingston International customs brokers, "A non-resident importer is a business located outside of Canada that ships goods to customers in Canada and assumes responsibility for customs clearance and other import-related requirements." This distinction allows a U.S. business to operate in Canada, much the same as a Canadian business, and levels the playing field to compete in the Canadian market. NRIs are able to charge their Canadian customers an all-included landed price at the time of purchase. NRIs can also provide a streamlined customs clearance process and better manage paperwork and compliance.

In addition, U.S. businesses can operate in Canada without having to maintain physical assets, including warehouses, distribution centers, or brick-and-mortar stores. Thus the benefits of NRI status can help a business manage supply chain costs in addition to the more obvious competitive and customer service benefits.



Top Benefits of NRI Status

- Charge customers an all-included landed price at time of purchase
- Compete on a level playing field with Canadian businesses
- Reduce supply chain costs
- Better oversight of customs process
- Improve satisfaction among Canadian customers

Why Should My Business Become an NRI?

NRI status can have tremendous benefits for U.S. businesses operating in Canada. Among the key advantages:

- **Ability to Charge Customers a Landed Cost at Time of Purchase:** As an "importer of record," an NRI is permitted to collect Canadian sales taxes and related customs fees at the time of purchase. Otherwise, without NRI status, Canadian consumers face a very unwelcome and unexpected invoice at the time of delivery for all uncollected taxes, duties, and fees.

Non-Resident Importer Status Gives U.S. Businesses a Competitive Edge in Canada

- **Reduced Supply Chain Expenses:** NRI status offers the tremendous benefit of not having to maintain a physical presence in Canada – no requirements with regard to Canada-based warehouses, distribution centers, stores, or any other physical assets.
- **NRI Status “Levels the Playing Field” for U.S. Businesses in Canada:** NRI status allows a U.S. business to conduct transactions with Canadian customers in a way that mirrors domestic transactions.
- **Better Management of Customs Process:** By acting as the importer of record, an NRI assumes complete control for a Canada-bound shipment. This in turn gives the NRI insight into a shipment’s border clearance process. An NRI can ensure that a shipment is given the proper tariff classification, takes advantage of all applicable free trade agreements, and is entirely compliant with CBSA mandates.
- **Enhanced Competitiveness in Canadian Market:** Because NRI transactions are virtually the same as transactions conducted with Canadian companies, U.S. businesses are able to compete for Canadian market share without the burdens of an onerous customs process and the threat of an unexpected invoice at the time of delivery.

What is the Process for Becoming an NRI?

The process for becoming an NRI is managed by the Canada Revenue Agency. Although the process is relatively straightforward, it does require a fair amount of paperwork. As a result, most U.S. businesses designate a qualified customs broker or logistics partner to manage the application on their behalf.

- **Obtain a Business Number (BN):** Businesses operating in Canada must apply for a Business Number, which serves as a unique identifier for purposes of tax liabilities and payments. A business may not import into Canada without a BN.
- **Register for a GST/HST Registration Number:** Businesses with sales that exceed \$30,000 CAD must also apply for a General Sales Tax (GST)/Harmonized Sales Tax (HST) registration number. The registration number may be requested on the same form used to request a Business Number — Form RC1 - Request for a Business Number.
- **Register for an Import/Export Account:** Any business importing goods into Canada must register for an import/export account, which will be used to process customs documents. The import/export account can also be requested via the business number request form.

What are My Responsibilities as an NRI?

NRIs assume all importer responsibilities associated with bringing goods into Canada including:

- Collection of sales taxes and payment of those taxes to the Canada Revenue Agency
- Determination of shipment’s value in order to assess proper duty obligation
- Assignment of proper customs tariff classification
- Recordkeeping and compliance

To learn more about these and other supply chain innovations, visit www.purolatorinternational.com/whitepapers to download Purolator International's white paper: *Non-Resident Importer Status Gives U.S. Businesses a Competitive Edge in Canada*.