



Ottawa, May 2, 2014

Memorandum D13-2-5

Customs Valuation: Effects of the Goods and Services Tax

In Brief

The editing revisions made in this memorandum do not affect or change any of the existing policies or procedures.

This memorandum provides information relating to the value for duty of goods imported into Canada and the application of the goods and services tax (GST).

Legislation

[Customs Act](#)

[Excise Tax Act](#)

Guidelines and General Information

1. Subsection 215(1) of the [Excise Tax Act](#) provides that the value of imported goods, for the purpose of determining the GST liability, is the total of:
 - (a) the value of the goods as they would be determined for the purpose of calculating a duty; and
 - (b) the amount of all duties and taxes payable on the imported goods under the [Customs Tariff](#), the [Special Import Measures Act](#), the [Excise Tax Act](#) (other than the GST) or any other law relating to customs.
2. The value determined in this way is referred to as the “value for tax.”
3. Therefore, the value for tax will be the aggregate of:
 - (a) the value determined under sections 47 to 55 of the [Customs Act](#); and
 - (b) all federal duties and taxes (with the exception of the GST) that are levied on the subject imported goods.
4. Accordingly, the calculation of the value for tax of imported goods does not entail additional requirements regarding the calculation of value for duty.

Determination or Re-determination of the Value for Duty

5. Where a determination of the value for duty under section 58 of the [Customs Act](#) or a re-determination under section 59 or 60 of the [Customs Act](#) results in an increase to the amount of duties and taxes as determined at the time of accounting, the Canada Border Services Agency (CBSA) will collect the amount for duties and taxes including the GST. Where a re-determination results in a reduction of duties and taxes, and the importer is not registered for GST purposes, the GST overpayment will be refunded by the Canada Revenue Agency (CRA) after the CBSA approves the re-determination. In the case of GST-registered importers, if an input tax credit has not already been claimed for the amount of GST in question, an application for a GST rebate may be filed with the CRA on [Form GST189, General Application for Rebate of GST/HST](#). A balance of less than \$2 will not be refunded or rebated.

Additions and Deductions Under the Transaction Value Method

6. Additions: where the importer has paid GST on any element of, or addition to, the price paid or payable for the imported goods, the amount of GST paid will not form part of the cost of the imported goods for the purpose of determining the value for duty.

7. Deductions: certain costs, charges and expenses may be deducted from the price paid or payable when determining the value for duty, e.g., freight charges from the place of direct shipment included in a CIF price (cost, insurance and freight). As only the actual cost may be deducted, any GST paid, where it is subject to an input tax credit or some other manner of refund, is not to be regarded as a cost, charge or expense and is therefore not to be included as part of the amount of a deduction from the price paid or payable.

8. For more information, refer to [Memorandum D13-4-3, Customs Valuation: Price Paid or Payable](#), and [Memorandum D13-4-7, Adjustments to the Price Paid or Payable](#).

Application of the Deductive Value Method

9. Where value for duty is determined under section 51 of the *Customs Act*, the price per unit, as determined under subsection 51(3) of the *Customs Act*, will be the price per unit exclusive of GST or other domestic retail sales taxes. In determining the deduction from the price per unit under subsection 51(4) of the *Customs Act*, any GST paid is similarly not to be regarded as a cost, charge or expense where it would become an input tax credit serving as an offset against any GST charged on sales. For more information, refer to [Memorandum D13-7-1, Deductive Value Method – Determination of the Price Per Unit](#), and [Memorandum D13-7-3, Deductive Value Method – Deductions From the Price Per Unit](#).

Application of the Harmonized Sales Tax (HST) on Imported Goods

10. Generally, goods that are not subject to GST assessment when supplied in Canada are not subject to GST/HST assessment when imported into Canada.

11. The CBSA will collect the HST on importations of taxable non-commercial goods (i.e., casual goods not for sale or for any commercial, industrial, occupational, institutional or like use) imported by a person who is considered to be a resident of a participating province for GST/HST purposes, except for importations of motor vehicles required to be registered in a participating province. In the case of GST/HST taxable commercial goods imported by a person who is considered to be a resident of a participating province for GST/HST purposes, only the GST is payable by the importer at the time of importation. After the goods are imported into a participating province, the importer may be obliged to self-assess the provincial component of the HST. The CRA's Technical Information Bulletin [B-079, Self-Assessment of the HST on Supplies Brought Into a Participating Province](#), addresses the requirement to self-assess.

Additional Information

12. 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	79070-4-2
Legislative References	<i>Customs Act</i> <i>Excise Tax Act</i> <i>Special Import Measures Act</i> <i>Customs Tariff</i>
Other References	D13-4-3 , D13-4-7 , D13-7-1 , D13-7-3
Superseded Memorandum D	D13-2-5 dated November 22, 2006