



# Memorandum D3-1-5: International Commercial Transportation

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## Plain language summary

**Target audience:** Carriers in all modes.

**Key content:** Conditions under which foreign-based conveyances and containers used in the international commercial transportation of passengers or goods can be temporarily imported into Canada, without payment of duties.

**Keywords:** Ancillary equipment; foreign based containers; foreign based conveyances; foreign based trailers; tariff items; record keeping; transportation of passengers or goods; temporary imports into Canada; international commercial transportation.

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## Updates made to this D-memo

This memorandum has been revised to:

- Update and add definitions; and
- Add information regarding carrier codes, carrier obligations and movement of empty trailers/containers.

This memorandum outlines the conditions under which foreign-based conveyances and containers used in the international commercial transportation of passengers or goods can be temporarily imported into Canada, without payment of duties.

For information regarding the conditions under which cargo containers may be temporarily imported into Canada while in international service, refer to [Memorandum D3-5-7: Temporary Importation of Vessels](#).

### [Customs Tariff](#)

98.01

9801.10

9801.10.10.00

9801.10.20.00

9801.10.30.00

9801.20.00.00

9801.30.00.00

## Definitions

- The following definitions apply to this memorandum:

### **Administrative Monetary Penalty System (AMPS)**

A system whereby the Canada Border Services Agency (CBSA) issues monetary penalties to commercial clients for violating the CBSA's trade and border legislation. The purpose of AMPS is to provide the Agency with a means to deter non-compliance by its clients and to ensure a consistent application of legislation and border regulation.

### **Advance Commercial Information (ACI)**

A set of prescribed electronically transmitted pre-arrival cargo and conveyance data elements sent to the CBSA within prescribed timeframes, for the purpose of facilitating the process of commercial goods and risk assessing threats to health, safety and security prior to the arrival of the shipment in Canada.

### **Ancillary equipment**

Any equipment which enhances the safety, security, containment and preservation of goods carried in vehicles falling within the terms of tariff item 9801.10.10. Ancillary equipment can be imported pursuant to tariff item 9801.10.20 without documentation in accordance with the Reporting of Imported Goods Regulations, when it is used in international service. A dolly or device used to link trailers would be considered ancillary equipment.

### **Cargo control document (CCD)**

A manifest or other control document that acts as the record of a shipment entering, exiting or moving within Canada, e.g. air waybill, A8A(B), In Bond - Cargo Control Document.

### **Cargo control number (CCN)**

The cargo control number is a number assigned to a transport document. It uniquely identifies cargo detailed on a cargo submission. The cargo control number consists of the carrier code followed by a unique reference number assigned by the carrier/representative and cannot contain spaces. 1st 4 characters = CBSA approved carrier code.

### **Conveyance operating carrier (COC)**

The carrier company operating the conveyance transporting goods to Canada. This is true whether the carrier company owns the conveyance outright, leases the conveyance, or whether any type of security interest is registered on the conveyance.

### **Conveyance reference number (CRN)**

A unique reference number given by the Conveyance Operating Carrier (COC) to the CBSA to a certain journey or departure of a means of transport.

### **Domestic in-transit (Highway and rail modes only)**

The movement of goods from a point in Canada to another point in Canada through the United States, as well as the movement of goods from a point in the United States to another point in the United States through Canada. This movement is different from an "in-transit" movement. See definition for "in-transit" below.

### **Foreign based containers**

Any containers that:

- (a) are fully or partially enclosed to constitute a compartment intended for containing goods;
- (b) are of a permanent character and suitable for repeated use;
- (c) are designed to carry goods by one or more modes of transport without requiring intermediate reloading;
- (d) have an internal volume of at least 1 m<sup>3</sup>;

- (e) leave from and return to a foreign country in the normal course of operation; and
- (f) are exported within 365 days of the date of their importation or for an additional period not exceeding 24 months where a border services officer is satisfied that the exportation of the containers is delayed because:
  - (i) of adverse weather conditions; or
  - (ii) the containers are being equipped, reconditioned, reconstructed, refurbished or repaired; or
  - (iii) the containers have a major equipment breakdown; or
  - (iv) the containers are detained under an order of a Canadian court, or under an Act of Parliament or the legislature of a province or any regulation made thereunder; or
  - (v) the delivery of the goods to be loaded in the containers is delayed.

The ancillary equipment for the containers does not include vehicles, accessories, spare parts of vehicles or packaging, and the containers.

### **Foreign based conveyances**

Any conveyance that:

- (a) are owned or leased and imported by a person whose domicile is in a foreign country;
- (b) leave from and return to the foreign country in the normal course of operation;
- (c) are controlled from the foreign country; and
- (d) are exported within 30 days of the date of their importation or for an additional period not exceeding 24 months where a border services officer is satisfied that the exportation of the conveyances is delayed because:
  - (i) of adverse weather conditions; or
  - (ii) the conveyances are being equipped, reconditioned, reconstructed, refurbished or repaired; or
  - (iii) the conveyances have a major equipment breakdown; or
  - (iv) the conveyances are detained under an order of a Canadian court, or under an Act of Parliament or the legislature of a province or any regulation made thereunder; or
  - (v) the delivery of the goods to be loaded on or in the conveyances is delayed.

### **Foreign based trailers**

Any trailers that:

- (a) are registered and licensed in a foreign country and operated in Canada with a vehicle license issued by the appropriate provincial licensing authority;

- (b) leave from and return to a foreign country in the normal course of operation; and
- (c) are exported within 30 days of the date of their importation or for an additional period not exceeding 24 months where a border services officer is satisfied that the exportation of the trailers or semi-trailers is delayed because:
  - (i) of adverse weather conditions; or
  - (ii) the trailers are being equipped, reconditioned, reconstructed, refurbished or repaired; or
  - (iii) the trailers have a major equipment breakdown; or
  - (iv) the trailers are detained under an order of a Canadian court, or under an Act of Parliament or the legislature of a province or any regulation thereunder; or
  - (v) the delivery of the goods to be loaded in the trailer is delayed.

### **In-transit**

The movement of foreign goods through Canadian territory from a point outside Canada to another foreign point. This movement is different from the domestic in-transit movement. See definition for domestic in-transit above.

## **Guidelines**

2. Tariff items [9801.10.10](#), [9801.10.20](#) and [9801.10.30](#) allows foreign-based conveyances, containers or trailers used in the international commercial transportation of goods or passengers to be temporarily imported into Canada without payment of duties and taxes. Although no formal accounting is required, conveyances arriving in or departing from Canada may be required to report to the Canada Border Services Agency (CBSA) to be examined.

## **International commercial transportation**

3. In this memorandum, "international commercial transportation" means any transportation resulting in, or intended to result in, the carriage of persons or goods for hire or reward, or any transportation of persons or goods by or on behalf of a business engaged in an activity of financial return where the persons or goods are conveyed:
  - (a) from outside Canada to a place inside Canada; or
  - (b) from a place inside Canada to a place outside Canada; or
  - (c) from a place outside Canada in-transit through Canada to another place outside Canada.
4. The determination of whether or not a foreign-based conveyance, container or trailer is engaged in international commercial transportation is based on the origin and destination of the goods carried and not the actual route of the conveyance. A

conveyance, container or trailer used in the carriage of goods described in this memorandum are considered to be participating in the international commercial transportation of goods, even if it was not the one that actually brought the goods into Canada. There are no limits to the number of conveyances, containers or trailers that can be used to bring the goods to their destination.

## Carrier obligations

5. All carriers transporting specified goods into Canada must electronically transmit to the CBSA specified data pertaining to the cargo and conveyance within the prescribed timeframes as described in the [Reporting of Imported Goods Regulations](#). Provision of this data and within prescribed timeframes satisfies the requirement set out in section 12.1 of the [Customs Act](#).
6. As per section 7.1 of the Customs Act, carriers are liable to ensure all information provided to the CBSA including ACI/eManifest information is true, accurate, and complete. Furthermore, as per section 22 of the Customs Act and section 7 of the [Transportation of Goods Regulations](#), the information transmitted must be supported by source documentation (i.e. bills of lading, invoices, contract of carriage) and made available to the CBSA upon request. Carriers are also liable to ensure all information provided to the CBSA is sent within mode prescribed timeframes.

## Carrier identification requirements

7. For the purpose of identifying carriers and freight forwarders, a bonded or non-bonded CBSA carrier code will be assigned to a company upon authorization.
8. All carriers who cross the border must obtain and use their own CBSA assigned carrier code, whether they are transporting goods to be cleared at the first port of arrival (FPOA), in-transit or moving goods in bond. For more information on carrier codes, refer to [Memorandum D3-1-1: Policy Respecting the Importation and Transportation of Goods](#).
9. The carrier code forms the prefix of the barcodes, and combined with a unique shipment number that the carrier chooses, creates a cargo control number (CCN) and conveyance reference number (CRN). This procedure also applies to freight forwarders for secondary reporting and control of in bond cargo that is consolidated or deconsolidated in Canada.

Note: While the carrier code must always be at the beginning of the CRN and CCN, the unique shipment number used for each must not be the same. For example, number (carrier code +) 00001 cannot be used for both the CRN and CCN. The CCN must have a different suffix.

10. CRNs must have the CBSA assigned carrier code of the legal entity (carrier) physically arriving at the border.

## Record keeping

11. Every person who transports, or causes to transport into Canada, goods that have been imported but not released, will keep all invoices, bills, accounts and statements, or a copy, relating to the transportation of the goods, in accordance with the *Transportation of Goods Regulations*. These records must be kept for a period of three years commencing on the first day of January of the calendar year following the calendar year during which the goods were transported.

## **Transportation incidental to the international movement of goods (Incidental domestic use)**

12. In this memorandum, “transportation incidental to the international movement of the goods” means the transportation of goods between points in Canada that occurs immediately before or after the conveyance or trailer is used for international commercial transportation. Any conveyance or trailer qualifying under tariff items 9801.10.10 and 9801.10.30 is allowed to engage in the transportation of goods from one point in Canada to another point in Canada provided it:
  - (a) is moving in the general direction of the delivery point of the international load; or
  - (b) has entered Canada empty to pick up goods for export; or
  - (c) will be picking up a load for export after the delivery of the international load; or
  - (d) is part of the return movement of the conveyance or container to its country of origin.
13. Containers qualifying under tariff item 9801.10.20.00 may engage in the transportation of goods from one point in Canada to another point in Canada where:
  - (a) the transportation does not occur outside the territorial limits of Canada; and
  - (b) the container has not entered Canada for the purpose of an in-transit movement through Canada to a point outside of Canada.
14. The transportation from one point in Canada to another point in Canada must occur immediately before or after the conveyance, container or trailer is used for international commercial transportation. Therefore, a foreign-based conveyance, container or trailer is restricted to one point-to-point movement immediately before or immediately after it is used for international commercial transportation. The restriction also applies to a foreign-based conveyance, container or trailer entering Canada with or without a payload (empty).

**Note:** A conveyance, container or trailer entering Canada may be used in transportation incidental to the international traffic of the goods on the “inward” leg of an international journey, provided it enters Canada to pick up a load for export.

15. In all cases, the transportation from one point in Canada to another point in Canada must follow a route that is similar and consistent with the movement of the goods in international commercial transportation. Foreign-based conveyances, containers or trailers may also be used in the transportation of goods from one point in Canada to another point in Canada to top off a less than full import or export load.

## **In-transit shipments**

16. The [Reporting of Imported Goods Regulations](#) and tariff items 9801.10.10, 9801.10.20 and 9801.10.30 allow qualifying conveyances, containers or trailers to participate in international commercial transportation from a place outside Canada in-transit through Canada to a place outside Canada.
17. Equipment switching during an in-transit move is not permitted, unless there are unforeseen circumstances such as a breakdown or accident. These irregularities must be reported to the CBSA.

## **United States domestic goods transiting through Canada and Canadian domestic goods transiting through the United States**

18. Carriers transporting goods from one point in the United States to another point in the United States via Canada must be a CBSA bonded carrier, or must obtain a single trip authorization with the CBSA prior to moving through Canada. For information on filing security see *Memorandum D3-1-1: Policy Respecting the Importation and Transportation of Goods*.
19. No incidental domestic use is allowed when a foreign-based conveyance, container or trailer transport goods from a point within Canada to another point in Canada in-transit through the United States, i.e. Canada – United States – Canada, or from one point within the United States to another point in the United States in-transit through Canada, i.e. United States – Canada – United States.

## **Cargo transiting through Canada to/from foreign/offshore**

20. A conveyance, container or trailer qualifying under tariff items 9801.10.10, 9801.10.20 and 9801.10.30 that transports goods from a point outside Canada in-transit through Canada to another point outside Canada is considered engaged in international commercial transportation, although the goods may also have been transported on a Canadian-based conveyance, container or trailer. The fact that the goods may have been transported on a Canadian-based conveyance, container or trailer for a portion of the journey and then transferred to a foreign-based conveyance, container or trailer will not alter the international nature of the movement.

## **Data transmission guidelines – import**

21. The *Reporting of Imported Goods Regulations* and tariff items 9801.10.10, 9801.10.20 and 9801.10.30 allow qualifying conveyances, containers or trailers to participate in international commercial transportation from a place outside Canada in-transit through Canada to a place outside Canada.

## **Empty conveyances, containers and trailers**

22. A conveyance, container or trailer entering Canada empty may be used in transportation incidental to the international traffic of the goods on the “inward” leg of an international journey, provided it enters Canada to pick up a load for export. The export load should have been scheduled prior to the time the conveyance, container or trailer enters Canada. In all cases, the incidental domestic use must follow a route that is similar and consistent with the destination of the conveyance in Canada where the export load will be picked up. The foreign-based conveyance, container or trailer will be restricted to one such movement during an international journey.
23. The movement of a foreign-based conveyance, container or trailer without a payload between two points in Canada is not considered transportation incidental to the international movement of the goods. An empty foreign-based conveyance, container or trailer can be moved to any location in Canada freely and without restrictions.
24. Empty conveyances require a conveyance transmission with an indicator identifying the conveyance as being empty. However, highway carriers who arrive at the FPOA with empty conveyances, and who have not transmitted ACI/eManifest data will not receive administrative monetary penalties for failing to transmit ACI/eManifest for that empty conveyance, until further notice. During this period, carriers arriving with no specified goods will be exempt from the mandatory provision of ACI/eManifest information.

## **Pick-up and delivery operations**

25. Carriers often operate terminals, warehouses, or drop yards in Canada as intermediate points to consolidate or deconsolidate shipments and to pick-up or deliver goods. After international goods have been delivered to one of these places, the foreign-based conveyance, container or trailer may be used to pick-up or deliver goods from that location for the remainder of the 30-day (for conveyances and trailers) or 365-day (for containers) period permitted in Canada. This is allowed provided the conveyance, container or trailer is being used exclusively to complete deliveries of other international goods previously unloaded at the warehouse, or to pick-up and deliver to the warehouse goods that will eventually be exported from Canada.

## Equipment switching

26. During the transportation to or from an intermediary point or final destination in Canada, the goods may be physically transferred directly from one conveyance to another (e.g. whole trailer may be transferred from one tractor to another tractor). There are no limits to the number of times international goods may be transferred to other foreign-based conveyances, containers or trailers.

## Ancillary equipment

27. Ancillary equipment can be imported pursuant to tariff item 9801.10.20 without documentation in accordance with the *Reporting of Imported Goods Regulations*, when it is used in international service.

## Time limits

28. Conveyances imported under tariff item 9801.10.10 and trailers under tariff item 9801.10.30 must be exported from Canada within 30 days of the date of importation into Canada. Whereas, containers must be exported from Canada within 365 days of the day of their importation under tariff item 9801.10.20.
29. This period may be extended by a border services officer where the officer is satisfied that, at the expiration of the period, the departure of the conveyance, container or trailer is delayed for reasons specified in tariff items 9801.10.10, 9801.10.20 or 9801.10.30.

## Diversions

30. A conveyance, container or trailer which is diverted from use in international commercial transportation or is remaining in Canada beyond the time limit prescribed in tariff items 9801.10.10, 9801.10.20 or 9801.10.30, will be accounted for in accordance with the provisions of the *Customs Act*.

## Penalty information

31. Where there is sufficient evidence to demonstrate that the conveyance, container or trailer was not entitled to enter Canada duty-free because it fails to meet one of the conditions of tariff items 9801.10.10, 9801.10.20 or 9801.10.30, the CBSA may take seizure action under section 110 or ascertained forfeiture action under section 124 of the *Customs Act*.
32. The CBSA may perform periodic audits of the records kept by carriers who import conveyances, containers or trailers into Canada pursuant to tariff items 9801.10.10, 9801.10.20 or 9801.10.30.

33. Complaints of alleged violations of tariff items 9801.10.10, 9801.10.20 or 9801.10.30 or other suspicious cross-border activity can be directed to the Border Watch toll-free line at **1-888-502-9060** or by using the [secure online form](#).

### **Immigration requirements**

34. Immigration Refugees and Citizenship Canada should be contacted concerning immigration requirements when conveyances will be operated in Canada by persons who are not Canadian citizens or permanent residents of Canada.
35. Foreign-based conveyances, containers or trailers admitted under tariff items 9801.10.10, 9801.10.20 or 9801.10.30 must also comply with the cargo and conveyance requirements outlined in the [Memoranda D3 Series – Transportation](#).

## References

Consult these resources for further information.

### Applicable legislation

[Customs Act](#)

[Customs Tariff](#)

[Reporting of Imported Goods Regulations](#)

[Transportation of Goods Regulations](#)

### Related D memoranda

[Memoranda D3 Series – Transportation](#)

[Memorandum D3-1-1: Policy Respecting the Importation and Transportation of Goods](#)

### Superseded D memoranda

D3-1-5 dated April 20, 2020

### Issuing office

Program and Policy Management Division  
Commercial and Program Directorate  
Commercial and Trade Branch

### Contact Us

[Contact border information services](#)