



Memorandum D3-1-5

Ottawa, April 9, 2020

International commercial transportation

In Brief

This memorandum has been revised to:

(a) remove reference to 9801.10.20 00 in regards to Transportation Incidental to the International Traffic of the Goods.

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, please refer to [Memorandum D3-7-1, CBSA Marine Operations – Cargo Containers Used in International Service](#).

Legislation

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

Guidelines and general information

1. 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 CBSA to be examined.

Definitions

2. In this memorandum, the following definitions apply:

foreign based containers – means any container 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) are 6.1 m or more in length or have an internal volume of 14 m³ or more;
- (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 customs officer is satisfied that the exportation of the containers is delayed because:

- (i) of adverse weather conditions;
- (ii) the containers are being equipped, reconditioned, reconstructed, refurbished or repaired;
- (iii) the containers have a major equipment breakdown;
- (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.

foreign based conveyances – means 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 customs officer is satisfied that the exportation of the conveyances is delayed because:

- (i) of adverse weather conditions;
- (ii) the conveyances are being equipped, reconditioned, reconstructed, refurbished or repaired;
- (iii) the conveyances have a major equipment breakdown;
- (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 – means any trailers that:

- (a) are owned or leased and imported by a person whose domicile is in a foreign country;
- (b) leave from and return to a 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 customs officer is satisfied that the exportation of the trailer is delayed because:

- (i) of adverse weather conditions;
- (ii) the trailers are being equipped, reconditioned, reconstructed, refurbished or repaired;
- (iii) the trailers have a major equipment breakdown;
- (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 made thereunder; or
- (v) the delivery of the goods to be loaded in the trailers is delayed.

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 an enterprise engaged in an activity of financial return, where the persons or goods are conveyed:

- (a) from outside Canada to a place inside Canada;
- (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.

Transportation incidental to the international traffic of the goods (incidental domestic use)

5. In this memorandum, “transportation incidental to the international traffic 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;
- (b) has entered Canada empty to pick up goods for export;
- (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.

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.

6. 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.

7. 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 movements

8. 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.

9. 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 then transferred to a foreign-based conveyance, container or trailer will not alter the international nature of the movement.

10. No incidental domestic use is allowed when a foreign-based conveyance, container or trailer transports goods from a point outside Canada in-transit through Canada to another point outside Canada, i.e., U.S. – Canada – U.S.

11. Similarly, no incidental domestic use is allowed when a foreign-based conveyance, container or trailer transports goods from a point in Canada in-transit through a foreign territory to another point in Canada, i.e., Canada – U.S. – Canada.

Empty conveyances, containers and trailers

12. 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.

13. 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 traffic of the goods. An empty foreign-based conveyance, container or trailer can be moved to any location in Canada freely and without restrictions.

Pick-up and delivery operations

14. Carriers often operate terminals, warehouses, or drop yards in Canada as intermediate points to consolidate or deconsolidate shipments (break-bulk) 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

15. 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

16. Ancillary equipment means any equipment which enhances the safety, security, containment, and preservation of goods carried in conveyances falling within the terms of tariff item 9801.10.10. Ancillary equipment can be imported pursuant to tariff item 9801.10 without documentation in accordance with the [Reporting of Imported Goods Regulations](#), when it is used in international service.

Time limits

17. Under normal circumstances, conveyances entitled to importation 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.

18. 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.

Record keeping

19. 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.

Diversions/penalties

20. 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](#).

21. 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, CBSA may take seizure action under section 110 or ascertained forfeiture action under section 124 of the [Customs Act](#).

Verification, enforcement, and control

22. 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.

23. 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**.

Immigration requirements

24. Citizenship and Immigration 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.

25. 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](#).

Additional information

26. 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**.

27. For more information on the carrier and cargo policies, please visit the [CBSA Web page](#).

References	
Issuing Office	Transporter and Cargo Control Programs Unit Program and Policy Management Division Commercial Program Directorate
Headquarters File	7670-3
Legislative References	<i>Customs Act</i> <i>Customs Tariff</i> <i>Reporting of Imported Goods Regulations</i> <i>Transportation of Goods Regulations</i>
Other References	D3-2-1 , D3-4-2 , D3-5-1 , D3-6-6 , D3-7-1
Superseded Memorandum D	D3-1-5 dated August 17, 2015