



## Memorandum D8-2-9

Ottawa, October 15, 2015

### Tariff Item No. 9815.00.00 – Charitable Goods

#### In Brief

1. This document has been updated to clarify what qualifies as a charitable good, and to update applicable references in the [Customs Tariff](#).
2. This document also contains editing revisions which do not affect or change existing policies or procedures and includes changes to the Canada Border Services Agency organizational structure.

This memorandum outlines the conditions under which donated goods qualify for customs duty free entry under tariff item No. 9815.00.00 and for relief from the Goods and Services Tax/Harmonized Sales Tax (GST/HST) and excise duties for the following goods:

“Donations of clothing and books for charitable purposes; donations of any goods by non-residents of Canada to religious, charitable or educational institutions in Canada; and photographs, not exceeding three, sent by friends and not for the purpose of sale.”

#### Guidelines and General Information

1. Donations of clothing and books for charitable purposes by residents to any organization in Canada are customs duty free under tariff item No. 9815.00.00.
2. Donations of any type of goods by non-residents to religious, charitable and educational institutions in Canada are customs duty free under tariff item No. 9815.00.00.
3. The Canada Border Services Agency (CBSA) officer must be satisfied that the clothing and books being imported by residents are for charitable purposes. The definitions of “charity” and “public institution” are defined in subsection 123(1) of Part IX of the [Excise Tax Act](#). Institutions receiving donations of goods from non-residents do not have to be registered as a registered charity with the [Canada Revenue Agency](#). However, the CBSA officer must be satisfied as to the bona fides of the religious, charitable, or educational institution.
4. If the bona fides of an organization, institution or charitable purpose are questionable, the importer must pay the full duties and taxes levied under the [Customs Tariff](#) or the [Excise Tax Act](#) at the time of importation and subsequently request a refund. To obtain a refund of the customs duties, Goods and Services Tax / Harmonized Sales Tax (GST/HST), and any excise tax paid, where applicable, a [Form B2, Canada Customs - Adjustment Request](#) must be submitted to the nearest regional [CBSA office](#), along with supporting documentation and complete details of the qualifying use and the institution. For the purposes of these provisions, not all goods imported by a charity will be eligible. In order to be eligible, the goods must be donations. Therefore, if the charity purchases the goods or they are received on consignment or in exchange for other goods/considerations, the goods would not be eligible for relief under these provisions. Consignment includes those situations where a charity or organization receives goods in order to sell the goods and return the proceeds to the sender, even if the sender is also a charity or charitable purpose.
5. Goods will qualify under tariff item No.9815.00.00, even if the importer is required to pay an administrative fee, and/or shipping and handling charges to obtain the goods. For example, an organization that accumulates donated goods from multiple sources and then redistributes the goods to individual charities may require that the

potential recipients pay a registration fee to have access to their inventories or include an administration fee in the shipping and handling charges to cover the cost of maintaining the inventory.

6. Goods must be considered a donation at the time of importation in order to qualify under tariff item No. 9815.00.00. In order for a donation to occur the following four conditions must be satisfied:

- (a) Property is transferred;
- (b) The transfer is voluntary;
- (c) The transfer is made without expectation of return; and
- (d) The intent to donate must be formed at the time of importation.

7. A CBSA officer may request the importer to submit evidence supporting these conditions at any time.

8. A donation tax receipt is not considered to be an expectation of return provided that the [Canada Revenue Agency](#) guidelines for donation have been met.

9. Goods imported for advertisement or require sponsorship do not qualify as a donation. For example, a sporting goods company cannot provide athletes with garments on condition that the athletes wear the garments during competition.

10. For the purposes of tariff item No. 9815.00.00, footwear is included in the definition of clothing. All goods imported under tariff item No. 9815.00.00 must also meet all other government requirements, including any required permits, licences, etc.

## **Goods and Services Tax/Harmonized Sales Tax (GST/HST) and Excise Duties**

11. Goods that qualify under tariff item no. 9815.00.00 may also qualify for relief from the Goods and Services Tax/Harmonized Sales Tax (GST/HST) under one of the following provisions:

- (a) Section 1 of Schedule VII to the [Excise Tax Act](#)
- (b) Section 4 of Schedule VII to the [Excise Tax Act](#)
- (c) [Charitable Goods Remission Order](#)

12. Unless the goods would normally be subject to excise duties, the importer should use Section 1 of Schedule VII to the [Excise Tax Act](#) to relieve the GST/HST otherwise owing. Schedule VII of the *Excise Tax Act* identifies those goods that are non-taxable for the purposes of the GST/HST. Section I of Schedule VII lists a number of tariff headings, including heading No. 9815.00.00.

13. Goods that are imported by a charity or a public institution in Canada, that have been donated to the charity or institution, are non-taxable importations under section 4 of Schedule VII to the [Excise Tax Act](#). As such, no tax under Division III of Part IX of the *Excise Tax Act* (the Goods and Services Tax) is payable. Code 54 should appear in the “Rate of GST” field (field 35) of [Form B3-3, Canada Customs Coding Form](#). To benefit from Section 4, the recipient must meet the definition of a “charity” or a “public institution” as defined in subsection 123(1) of Part IX of the *Excise Tax Act*. This duty is payable under the [Excise Act, 2001](#). It is not a customs duty relieved under the provision of tariff item No. 9815.00.00 nor a tax relieved under section 1 or 4 of the *Excise Tax Act*.

14. For additional information on Section 4 of Schedule VII to the [Excise Tax Act](#), please contact the local tax services office of the [Canada Revenue Agency](#).

15. Subsection 21.1(1) of the [Customs Tariff](#) imposes an additional duty on imports of goods subject to excise duties, (i.e., beer, spirits, cigars and manufactured tobacco products) equal to the duty that would have been imposed on the goods under the [Excise Tax Act](#) had the goods been manufactured in Canada and entered into the domestic market for consumption.

16. While the [Charitable Goods Remission Order](#) remits the excise duties otherwise owing, the importer must still comply with any other government department requirements, including provincial, related to the importation of the goods. For example, the [Importation of Intoxicating Liquors Act](#) specifies that liquor, including wine, considered

intoxicating by provincial law may be imported only by a board, commission, officer, or governmental agency legally authorized to sell intoxicating liquor.

## Documentation

17. Goods imported under Tariff Item No. 9815.00.00 should be accounted for on [Form B3-3, Canada Customs Coding Form](#). Where the importer is entitled to and uses the provisions arising from the [Excise Tax Act](#), the appropriate GST Code should appear in the “Rate of GST” field (field 35) of Form B3-3. The applicable GST code for Section 1 of Schedule VII is 51. The applicable GST code for Section 4 of Schedule VII is 54. To receive the benefits of the [Charitable Goods Remission Order](#), “97-2037” must be entered in the “Special Authority” field (field 26) of Form B3-3.

18. If requested by a CBSA officer, supporting evidence that satisfies the conditions in paragraph 6 can be appended to the [Form B3-3](#). Examples of such documentation are waybills, a letter from the donating entity attesting that to donation, bills of lading, etc.

## Additional Information

19. 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**.

<b>References</b>	
<b>Issuing Office</b>	Trade and Anti-dumping Programs Directorate
<b>Headquarters File</b>	6564-1
<b>Legislative References</b>	<a href="#">Excise Tax Act</a> <a href="#">Excise Act, 2001</a> <a href="#">Importation of Intoxicating Liquors Act</a> <a href="#">Charitable Goods Remission Order</a> <a href="#">Customs Tariff</a>
<b>Other References</b>	Forms <a href="#">B2</a> , <a href="#">B3-3</a>
<b>Superseded Memorandum D</b>	D8-2-9 dated November 18, 2004