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INTRODUCTION

When you purchase a vehicle from the United States, bringing it into Canada is not as simple as driving it across the border. A number of vehicles manufactured in the United States cannot be imported into Canada due to rules laid out by Transport Canada and the Registrar of Imported Vehicles (RIV).

This is because not all vehicles for sale in the United States fully comply with the Canadian Motor Vehicle Safety Standards (CMVSS) and may pose a safety risk to Canadian drivers.

While venturing into the United States to purchase a vehicle may provide you with more affordable and diverse options, there are a number of items to consider. For instance, your vehicle of choice may not be allowed in Canada based on its age or modifications. What's more, before you cross the border, auto insurance is a pre-condition for vehicle registration and licensing in every jurisdiction in Canada.

This guide will provide you with some of the basic information about importing vehicles to help you navigate the stringent regulation. Contact Butler Byers Insurance Ltd if you have any questions or need help insuring a vehicle.

WHAT SHOULD I DO BEFORE I IMPORT?

Before you even purchase a vehicle from the United States, it's critical that you understand some of the preliminary steps to importing. This section will cover the major items you will need to be aware of as it relates to vehicle admissibility and titles.

Vehicle Admissibility

The first step to importing a vehicle from the United States is determining whether the vehicle you are purchasing will even be allowed into the country. A vehicle is inadmissible when it does not meet the CMVSS nor can it be modified to do so.

To assist consumers, Transport Canada maintains a list of vehicles admissible from the United States, which can be accessed via the <u>RIV</u>. Consumers should always reference this list before purchasing a vehicle in the United States, as it can change without notice.

The RIV also offers a <u>web tool</u> that details vehicle classes and inadmissible modifications. In the event that your purchased vehicle has no information on its model or year, you will need to contact the manufacturer to determine its admissibility.

Vehicle Branding History

"Vehicle branding" is a designation on a vehicle's title that calls out any sustained and substantial damage incurred as a result of collisions, natural disasters (flood, fire, hail, etc.) or other incidents that led to major repairs.

Many of the brands found on a title of a vehicle manufactured in the United States are similar to those found on Canadian automobiles. The following are some of the major vehicle statuses that could be noted on a title:

Canadian Brands	U.S. Brands or Annotations found on U.S. Titles
Normal (clear)	Clear, clean, normal, none, standard, original
Rebuilt (least severe)	Rebuilt, repaired, reconstructed, prior salvage, restored, reconditioned, damage/repair
Salvage (vehicle will have to comply with provincial/territorial programs to qualify once again for road use)	Salvage, salvageable, total loss, total insurance loss, write off, salvage/re-buildable
Non-repairable (most severe, cannot be licenced	Junk, scrap, parts, parts-only, dismantled, non-repairable, destroyed, irreparable and any brand

for road use ever again)	with flood or water damage designation

- Clear or Normal: Vehicles that have had no prior issues. Specifically, an automobile that has never been declared a total loss.
- Salvage: This brand refers to a vehicle that has been written off or declared a total loss.
- **Rebuilt:** Refers to a vehicle that was previously written off or marked as salvage, but has since been repaired. These vehicles generally have to pass a structural integrity test before receiving this brand.
- **Non-repairable:** This refers to any vehicle that is beyond repair and cannot be rebuilt. These vehicles can never be licensed in Canada.

While the branding standards of U.S. and Canadian vehicles are relatively similar in order to ensure public safety, there are some differences. For instance, a vehicle from the United States may have more detailed accident information related to fires, collisions, and smoke or hail damage. If you have any questions regarding a vehicle's branding and its Canadian equivalent, you should contact the provincial/territorial licensing jurisdiction where you intend to license your vehicle.

Depending on the type of U.S. brand a vehicle has, a province or territory may require a second, more rigorous, structural integrity inspection before issuing a licence for the vehicle. If the vehicle you plan to import has a U.S. brand, you should contact your licensing jurisdiction before you import to determine whether or not the vehicle can be licensed and if additional requirements apply.

Additionally, the RIV recommends that those importing a vehicle obtain a complete title history prior to purchase. The major companies that provide title histories for a fee include CARFAX, AutoCheck and CarProof.

Modification and Inspection Requirements

Upon an initial assessment of your vehicle, it may be determined that modifications are necessary in order to meet the requirements laid out by the CMVSS. As a prospective importer, it is your responsibility to cover these costs.

The RIV has a <u>web tool</u> that outlines the most common types of vehicle modifications, broken down by vehicle class. Modifications need to be completed prior to an RIV inspection, and, in some cases, may have to be done by an authorized dealer.

Recall Clearance

Prior to importing a vehicle to Canada, you will need to confirm recall clearance with the RIV. Essentially, this means that if the make and model of the vehicle you wish to import has been flagged for a recall in the past, you will need to confirm with the RIV that any issues have been addressed.

To facilitate the process, it is recommended that you complete and submit one of the following forms of recall clearance documentation:

- 1. A letter from the manufacturer's U.S. or Canadian office clearly stating that there are no outstanding recalls for the vehicle.
- 2. A printout of the vehicle's service history, as provided by an authorized dealer in the United States or Canada, indicating that there are no outstanding recalls.
- **3.** Information obtained from the original equipment manufacturer's website. This can be used if it includes the vehicle identification number (VIN) and is subject to RIV verification.

Visit the <u>RIV</u> to search for a manufacturer's contact information. Once you have acquired the proper recall clearance documentation, you can submit it to the RIV via email, fax or by mail.

RIV Exemptions

There are a few cases in which you would be exempt from import regulations. For example, you may not need to go through the RIV registration if:

- The imported vehicle is 15 years or older based on its manufacture date.
- The vehicle is entering Canada temporarily.
- The vehicle is being used for work purposes.
- You are enrolled in <u>Transport Canada's pre-clearance program</u>.

More details about the above exemptions can be found through the <u>RIV</u>, or, for more information, visit <u>Transport Canada</u> or the <u>Canada Border Services Agency</u> (CBSA).

Cost Considerations

The main reason many Canadians import vehicles from the United States is to save on price. However, before you import, it's important to understand the fees associated with importing a vehicle, as they can add up and may negate any cost savings you may have had initially.

The following are the major cost considerations to be aware of:

- RIV fees. Those looking to import vehicles into Canada will have to pay various registration fees.
 These fees can range from \$60 to \$195 based on the import form required for your vehicle. More information can be found here.
- **Duties and taxes.** The CBSA collects various dues at the border. Most often, vehicles will be assessed for duty, excise, and goods and services (GST) taxes. Standard fees include an excise tax of \$100 for vehicles with air conditioning, a GST tax of 5 per cent and a "Green Levy" on fuelinefficient cars. This levy can range anywhere from \$1,000 to \$4,000 depending on average fuel consumption. For more information on any of these duties or excises, call the CBSA toll free at 1-800-461-9999.
- **Provincial inspections and licensing.** In addition to RIV and Transport Canada requirements, importers will have to address province-specific regulations. This can include inspection and

licensing fees as well as emission-testing costs. Contact your <u>provincial licensing jurisdiction</u> for more information.

- Insurance. To legally operate a vehicle in Canada, insurance is required. This is a cost to keep in mind if you don't already have automobile insurance. Contact Butler Byers Insurance Ltd for more information.
- **Temporary plate.** You will need to cover the cost of a temporary plate prior to passing a provincial safety certification program. These costs can vary, and you should contact your <u>provincial licensing</u> jurisdiction for more details.

Other fees regarding title history searches through third-party services and safe disposal of older vehicle parts may apply. After factoring in the above costs, only then can you make a true determination of whether or not importing a vehicle makes financial sense.

WHAT WILL HAPPEN AT THE BORDER?

Once you have properly prepared for the importation process, it's critical that you understand what is expected of you at the border.

U.S. Customs Export Requirements

Whenever you plan to permanently export a vehicle from the United States, you must provide at least 72 hours' notice to the U.S. Census and the U.S. Customs and Border Protection (CBP). The RIV website includes a <u>web tool</u> you can use to determine the proper contact information by state, province and specific border entry point.

Other important considerations include:

- **AES filing.** The automated export system (AES) is a filing requirement regulated by the U.S. Census. An AES validates the appropriate export information, allowing you to cross the border into Canada. You can complete this process using an online portal provided by AutoExports.us.
- **Proof of ownership.** As part of the 72 hours' notice you need to provide to the CBP, you will need to submit specific ownership documentation. This includes your title, bill of sale and the Internal Transaction Number (ITN), which acts as verification of your AES Filing.

For more information, visit the U.S. Census' and U.S. CBP's websites.

CBSA Entry Requirements

The CBSA is responsible for processing all vehicle imports. Together with Transport Canada, the CBSA helps enforce the Motor Vehicle Safety Act to ensure the safety of Canadian drivers.

At the border, CBSA officers will:

- Review the appropriate documentation, including titles, registration and proof of ownership.
- Provide you with a vehicle import form. You will need to complete this form as required by your territory or province.
- Check your vehicle against the admissibility requirements. Please review <u>vehicle admissibility</u> information as provided by the RIV.
- Facilitate the payment of the appropriate fees, including the RIV inspection fee. Drivers have the option to pay this fee online.

For more information on the CBSA's entry requirements, click <u>here</u>.

WHAT DO I NEED TO DO AFTER MY VEHICLE ENTERS CANADA?

Once a vehicle has entered Canada, the onus is on the importer to complete the proper vehicle modifications (if any) and to complete an inspection at an authorized RIV inspection centre.

Vehicle Modifications

After your payment and recall clearance documents have been received, the RIV will send you an inspection form. This form will contain information on what modifications must be made to the vehicle to pass an RIV inspection.

It is your responsibility to complete any necessary modifications and the RIV inspection within 45 days (or one year for salvage vehicles) from the date of import.

RIV Inspection

An RIV inspection must be completed at least 45 days from the date of import. At the time of inspection, any modification requirements identified by the RIV must be completed. Those that fail the RIV inspection process within the 45-day time frame face potential fines as outlined in the Motor Vehicle Safety Act.

You can find your specific inspection centre by using the <u>RIV's online search tool</u>. After you have passed your inspection, your vehicle import form will be stamped and the RIV will send you a Canadian Statement of Compliance label to affix to your vehicle.

For more information on vehicle inspections, click here.

Provincial Licensing

After you have passed an RIV inspection and your vehicle import form has been correctly stamped, you can finally license your vehicle. Licensing centres differ by province, and owners can find contact information by jurisdiction through the <u>RIV</u>.

ADDITIONAL RESOURCES

There are many steps to getting a U.S. vehicle into Canada. And for those new to the process, compliance through Transport Canada and the RIV can be confusing.

Thankfully, many resources are available to help prospective importers:

- 1. RIV Guide to Importing Vehicles
- 2. Transport Canada Vehicle Import Fact Sheet
- 3. Transport Canada Importing Vehicles FAQs

The most useful tool available to prospective importers is the <u>RIV's import checklist</u>. This tool provides a detailed report of what you will need to accomplish as part of the importation process. What's more, this information is specific to the make and model of the vehicle you wish to import, which will help simplify the process for owners.

For more information on automobile compliance, safety and more, contact Butler Byers Insurance Ltd today.