

AUSSENWIRTSCHAFTSCENTER TORONTO

WEBINAR: E-Commerce
in Kanada

04. April 2024

AGENDA



EINLEITUNG

EXPERTEN
PRÄSENTATION



Q&A



1

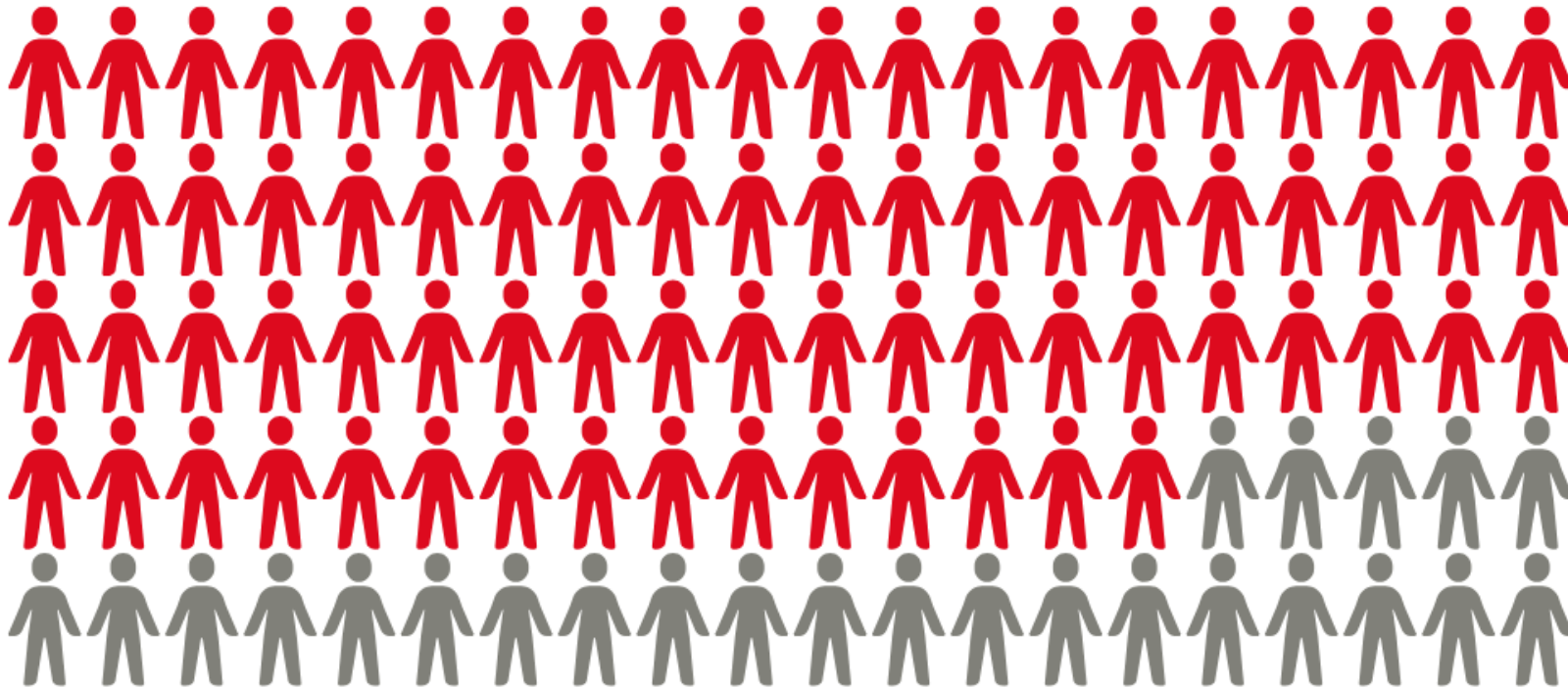
EINLEITUNG



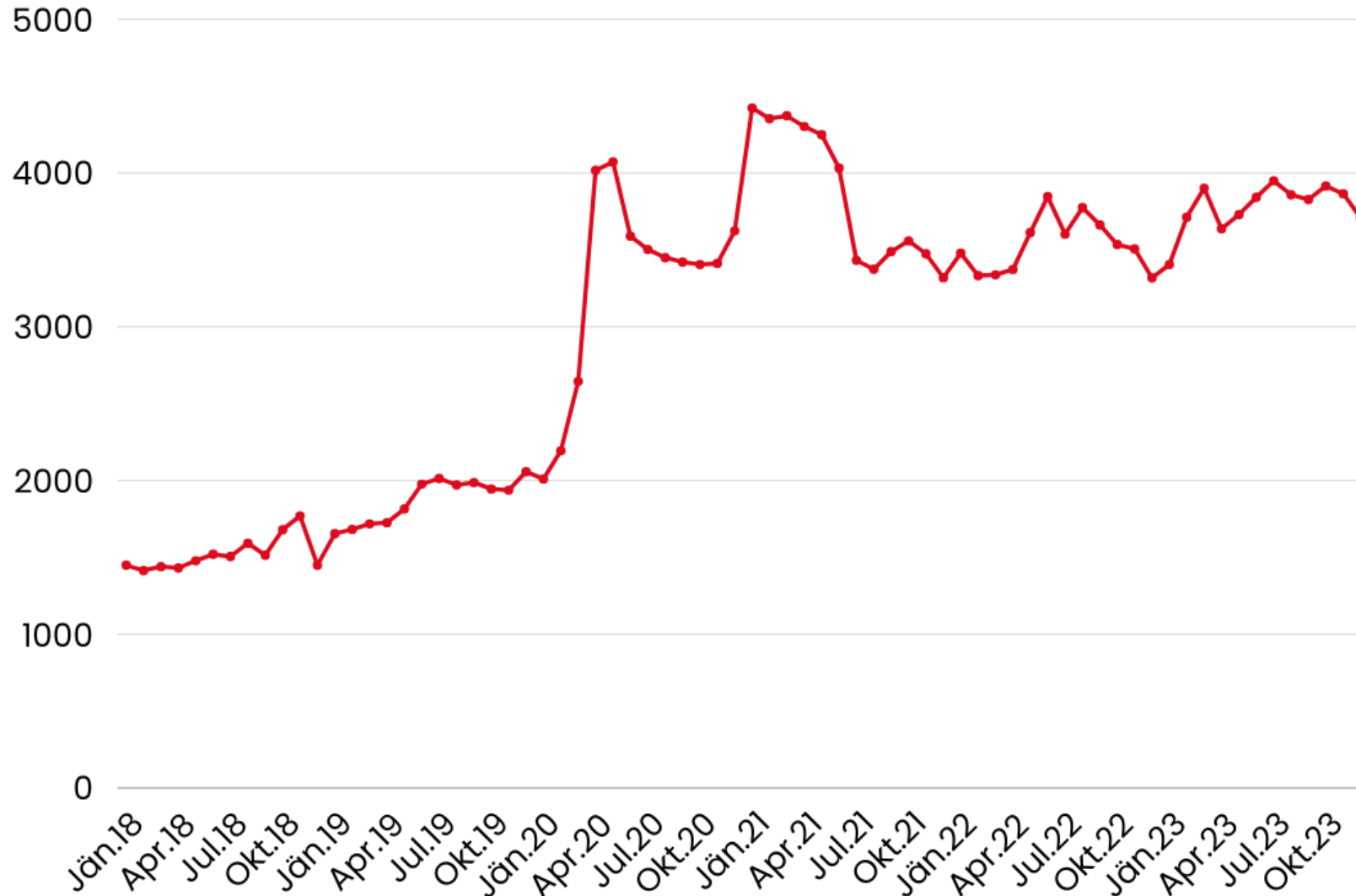
WEBINAR: E-Commerce in Kanada

- Überblick über E-Commerce in Kanada
- Rechtliche Aspekte
- Steuerrecht
- Logistik
- Best Practice Beispiel
- Q & A Session

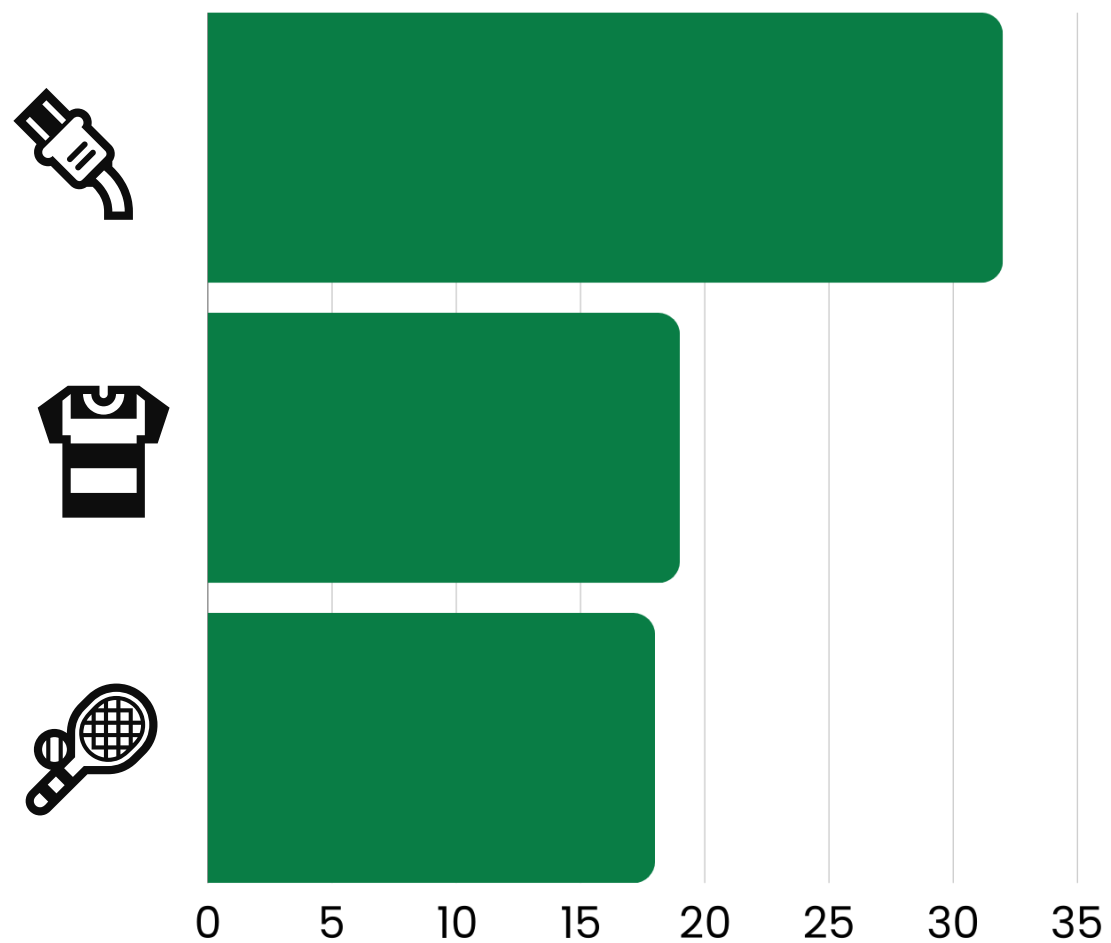
E-Commerce Kunden in Kanada



E-Commerce Umsatz in Kanada in Mio. CAD



Top Produktkategorien (% der Online-Käufe)



Key Player

SHOPIFY

WALMART

KIJIJI

INDIGO

AMAZON

HUDSON'S BAY

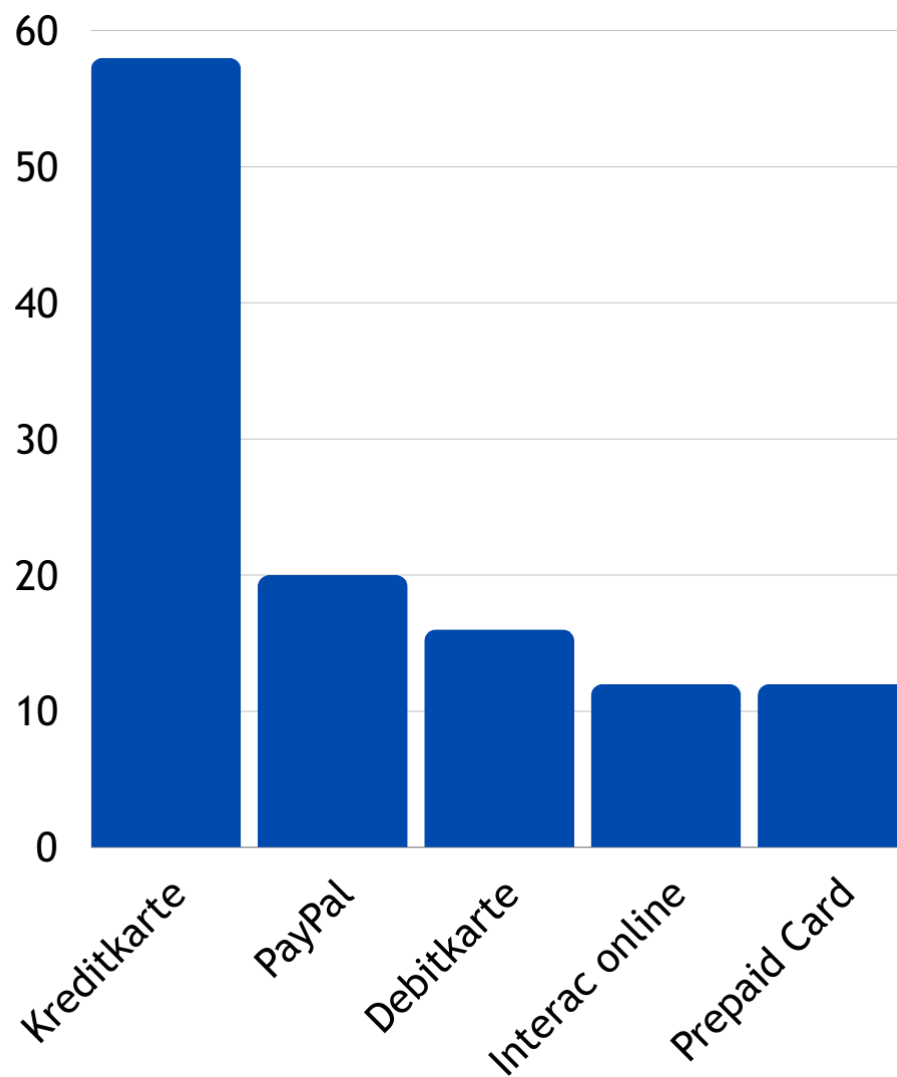
BEST BUY

HOME DEPOT

LOBLAW

COSTCO

2021 verwendete Zahlungsmittel in %



MEET OUR KEYNOTE-SPEAKERS



**MONICA
SCHIRDEWAHN**
Lawyer, Lette & Associés
S.E.N.C.R.L.



**IVANA
KARAC**
Tax Partner, Fritsch
Laitar & Karac



**ANDREW
RAYMAN**
Founding Partner,
Shipnoble Inc.



**MARK
CASKENETTE**
Managing Director,
Canadian Subsidiary for
Anita Dr. Helbig GmbH.



Monica Schirdewahn

- > Anwältin bei Lette & Associés S.E.N.C.R.L.
- > Schwerpunkt auf europäische Unternehmen, insbesondere aus Österreich, die in Kanada tätig sind
- > Vertrauensanwältin für Advantage Austria in Montreal und die österreichische Botschaft in Kanada
- > Honorarvizekonsulin Österreichs in Montreal



Ivana Karac

- > Steuerpartnerin bei Fritsch Laitar & Karac
- > Expertise in Steuerplanung und -compliance für private Unternehmen
- > Erfahrung im Umgang mit nicht ansässigen Unternehmen in Kanada und Beratung zu Steuerfragen
- > Verantwortlich für Buchhaltung und Lohnabrechnung für lokale und nicht ansässige Unternehmen



Andrew Rayman

- > Gründungspartner bei Shipnoble Inc.
- > Bietet Lösungen in den Bereichen Lagerhaltung, Bestandskontrolle, Zollabfertigung und B2B- bzw. B2C-Verteilung
- > Spezialisiert auf den Aufbau von Systemen mit globalem Netzwerk aus vertrauenswürdigen Partnern
- > Orientierungshilfe für Unternehmen am internationalen Markt



Mark Caskenette

- > Managing Director der kanadischen Niederlassung von Anita Dr. Helbig GmbH
- > Verantwortlich für die Expansion und strategische Operationen des Unternehmens in Nordamerika
- > Experte für internationale Logistik mit Schwerpunkt auf den nordamerikanischen Markt
- > Über 30 Jahre Erfahrung in der Branche, spezialisiert auf die Bewältigung der Komplexitäten des grenzüberschreitenden Handels, insbesondere zwischen Europa und Nordamerika



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EXPERTEN PRÄSENTATIONEN

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Website



VIELEN DANK!





AUSBLICK



17. & 18.
JUNI | BOOT CAMP CANADA 2024



24. - 26.
Oktober

AUSTRIA CONNECT NORTH AMERICA 2024



**AUSTRIA CONNECT
NORTH AMERICA 2024**
A NEW INDUSTRIAL REVOLUTION
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Mag. Gregor Postl

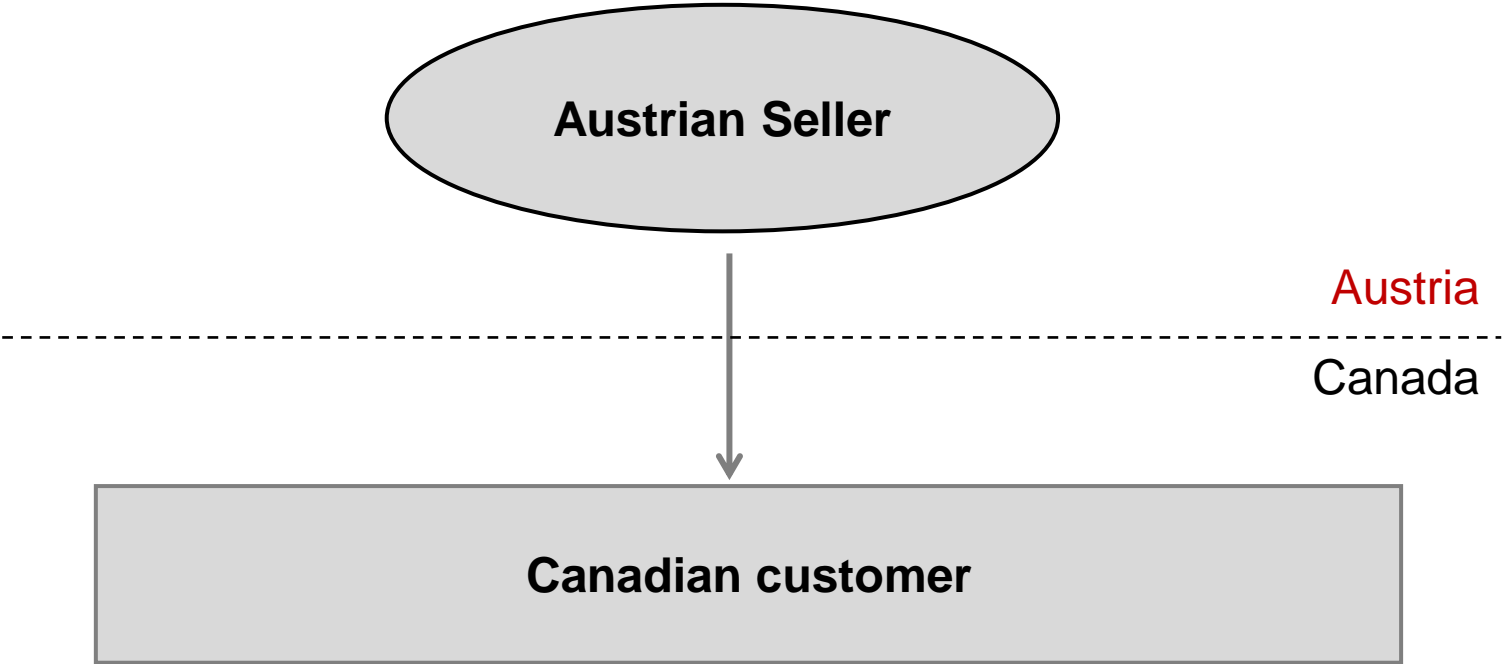
Der österreichische Wirtschaftsdelegierte
in Toronto

E-COMMERCE in Canada

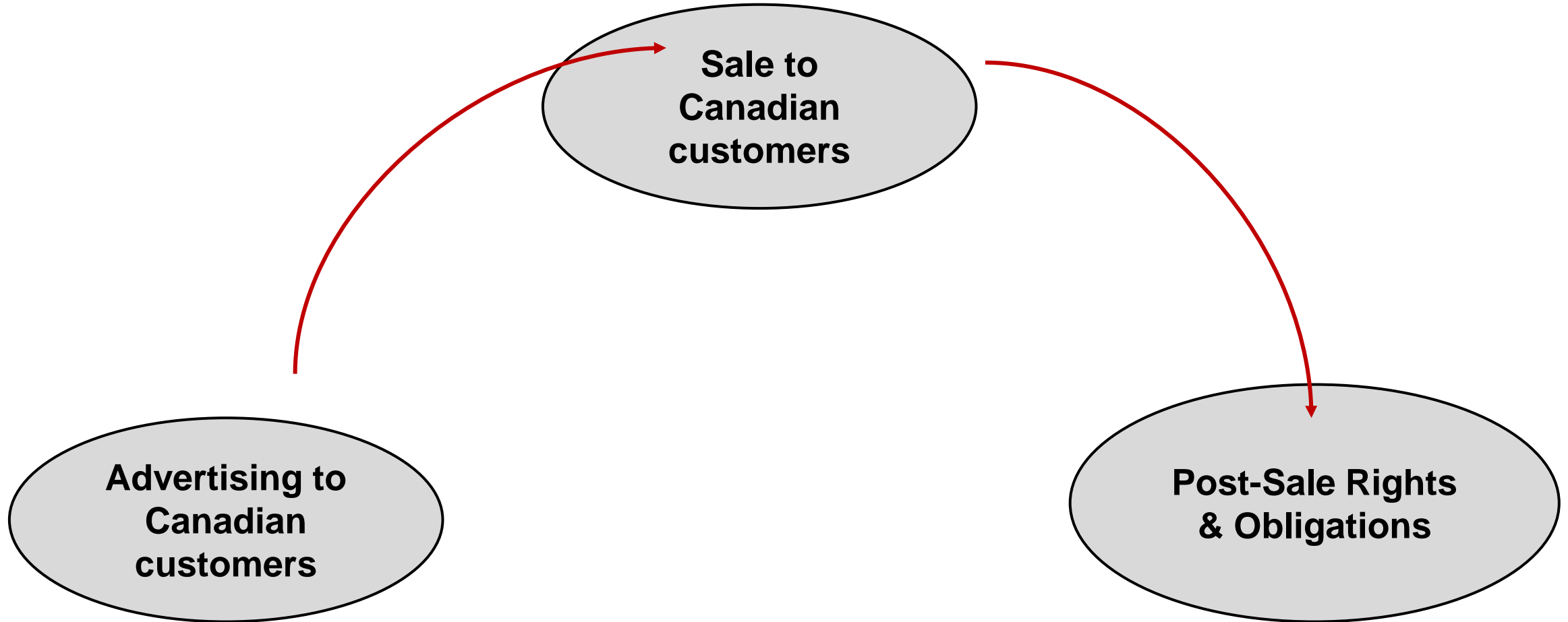
Legal Considerations

Advantage Austria Webinar, April 4, 2024

SALE INTO CANADA



SALE CYCLE



ADVERTISING



Advertising Principles

- general principle: **prohibition of false or misleading representations**
- Federal legislation: *Competition Act*
- Provincial legislation: *Consumer Protection Act(s)*

Anti-Spam Legislation

- general principle: **consent required for CEMs** (opt-in consent, subject to specific exceptions)
- Federal legislation: *Anti-Spam Act*

Language Requirements

- general principle: in one of the two official languages of Canada / in French in Quebec
- Federal legislation: *Official Languages Act*
- Provincial legislation: *Charter of the French Language*

SALE



Sale to Canadian customers

Contract Conclusion & Terms of Sale:

- general principle: contract is **accepted** by both parties (general principles re: contracts apply)
- consumer sales: **specific information must be provided** before contract formation
- Provincial: *common law; contract principles; Consumer Protection Acts*

Validity of Electronic Documents:

- general principle: **functional equivalence between paper and electronic documents**
- Federal model: *Uniform Electronic Commerce Act* (based on UN Model Law on Electronic Commerce)
- Provincial laws: most based on the UECA ; in Quebec: *An Act to Establish a Legal Framework for Information*

SALE

Applicable Law and Jurisdiction

- general principle: **applicable law and jurisdiction provided for in the contract (subject to exceptions)**
- consumer sales: **minimum protection cannot be waived , right of consumer to claim in home jurisdiction**
- Common law principles
- Provincial legislation: *Consumer Protection Act(s), Civil Code of Quebec*

Data Collection & Protection

- general principle: **consent required**
- Federal legislation: *PIPEDA*
- Provincial legislation: *An Act respecting the Protection of Personal Information in the Private Sector*

POST-SALE

Seller's Post-Sale Obligations:

- general principle: contractual terms
- **consumer sales: specific obligations**, such as sending copy of contract to the consumer

Cancellation of Contract, Return of Products:

- general principle: **contractual terms**
- consumer sales: specific protective terms:
 - **buyer changes his mind**: generally not entitled to cancel the contract
 - **if breach by seller of specific obligations**: buyer can cancel within regulated timeframe
 - **defective product**: seller is responsible to repair or replace the merchandise
- Provincial legislation: *contract principles; Consumer Protection Act(s)*



The present webinar offers a broad overview of the legal considerations to take into account when planning on selling products to Canadian customers. It does not constitute legal advice.

As much of e-commerce is governed by provincial laws, this summary will not always apply, in its entirety, to each Canadian province or territory, as their respective laws will differ. We recommend that legal advice be sought for any e-commerce project.

E-COMMERCE CANADIAN TAXATION

IVANA KARAC, CPA, CA
FRITSCH LAITAR & KARAC

Sales Tax



- ▶ Goods and Services Tax **GST**
- ▶ Provincial Sales Tax **PST**
- ▶ Harmonized Sales Tax **HST**
- ▶ Quebec Sales Tax **QST**

Sales Tax: GST/HST



- ▶ Small Suppliers
- ▶ Taxable vs. Zero Rated vs. Exempt Supply
- ▶ Products vs. Services vs. Intangible Personal Property
- ▶ Place of Supply

Sales Tax: GST/HST



- ▶ Non Residents
 - ▶ Permanent establishment
 - ▶ Carrying on business in Canada
 - ▶ Voluntary registration
 - ▶ Security deposit
- ▶ Filing Obligations

Carrying on Business in Canada



- Location of agents or employees
- Place of delivery
- Place of payment
- Place where purchases are made or assets are acquired
- Place from which transactions are solicited
- Location of the assets or an inventory of goods
- Place where business contracts are made
- Location of a bank account
- Listed in a directory
- Location of a branch or office
- Place where the service is performed, and
- Place of manufacture or production

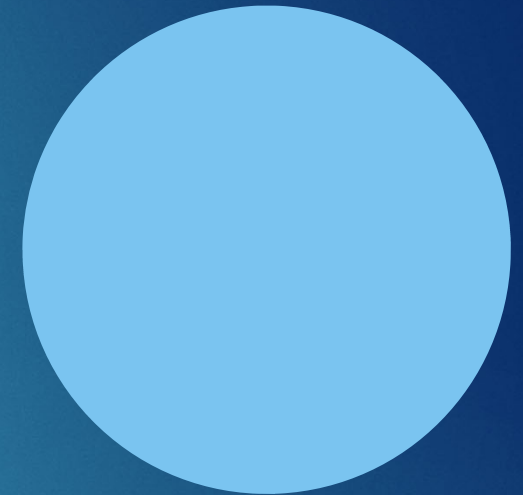
E-Commerce

- ▶ GST/HST
 - ▶ Normal regime
 - ▶ Simplified regime
- ▶ PST/QST
 - ▶ British Columbia
 - ▶ Manitoba
 - ▶ Saskatchewan
 - ▶ Quebec

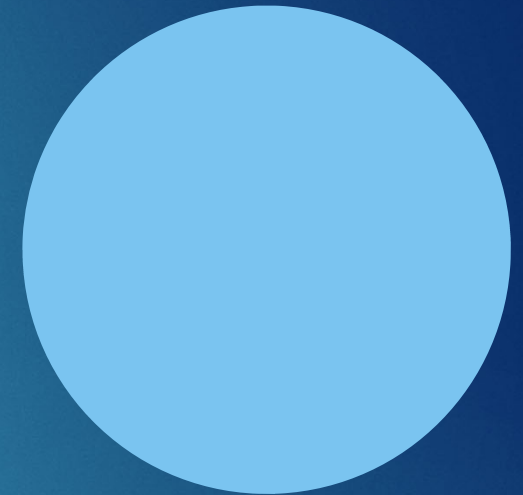


Income Tax

- ▶ Carrying on Business in Canada
- ▶ Permanent Establishment
- ▶ Treaty Protection
- ▶ Partnerships



Thank you for your time!

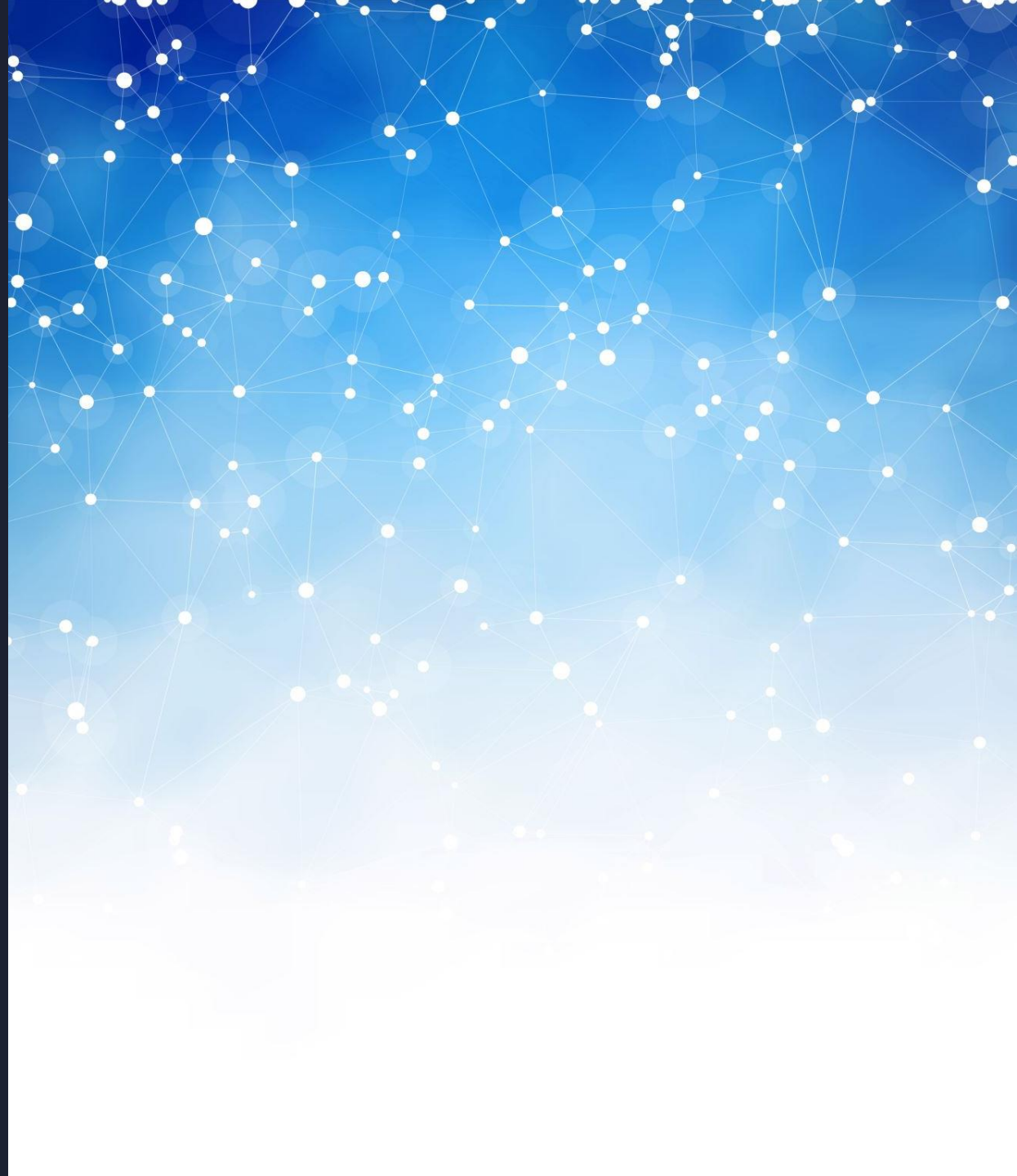


*Doing business
in Canada*

Case study

Anita Canada

Ltd.



Overview Anita Canada



Subsidiary of a European heritage brand over 130 years old, family run business



45% production in Europe, 45% own factories in Asia & 10% third party Asia



Purchased Canadian subsidiary from its distributor 10 years ago



Canadian business grew from \$3million CDN to over \$9.2million CDN

Anita North America Pre-Covid

Primary logistics
centre: Kufstein
Austria

Weekly shipments
to both countries
from Kufstein

Canadian logistics
centre - \$400,000
in inventory

USA logistics
centre - over
\$1.5million in
inventory

Anita North America Covid - changes

- Logistics Centre merged and located in Toronto
 - Why?
 - Rapid access to the North American market
 - Customers want product tomorrow if not today!
 - UPS recognizes Amazon is their competition and is beginning Saturday deliveries across North America & same day delivery is coming
 - Canada is party to more FTA's than any other country in the World



The result



Primary logistics
centre: Kufstein
Austria

Twice weekly
shipments from
Kufstein

North American
Logistics Centre -
\$1million in inventory

*Free trade
everywhere*

Canada is signatory to more FTA than any other country including the:

- CPTPP, Asian made goods free access to Canada
- CETA, European made goods free access to Canada
- USMA , Canadian made goods free access to Canada

Over 60% of Anita goods arrive duty free into Canada

How does this impact consumer goods companies doing business in the US market from Canada

DE MINIMIS

- \$800USD shipment per day per delivery address duty free, regardless of country of origin

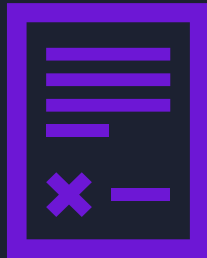
65% of all of our US bound orders enter the US market duty free, including all the D2C business

The 40% that paid duty into Canada enter the US duty free and Anita enjoys a duty rebate from the Canadian government for goods exported from Canada that had paid duty

Duty is only paid in the US for orders over \$800USD per delivery location daily

Bottom line: Duty & freight savings exceeded \$600,000 annually

Best practices



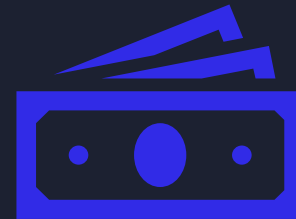
Legal

Framework for non-arms length parties.

- Determining who is buyer, seller and drop-ship

Trade expertise

Licensing agreement



Accounting

Transfer pricing agreements between all parties

Tax structure

Trade expertise

Questions

- Shipping direct from European logistics centre to Canada or US?
 - De Minimis differences between Canada & USA
 - What percentage of your goods are made in Europe vs. rest of the World?
 - Consolidated shipments vs. individual packages
 - Who is the purchaser?
 - Business
 - Consumer
 - Subsidiary



SQC Consulting

CONFIDENTIAL WORKSHEET

Company		
Contact Name		Email
Phone		
Structure		
Head Office location (country)		
Canadian Subsidiary (province)		
US Subsidiary (state)		

US SUBSIDIARY

Product Origin (top 5)			Financial review (USD)	
Country & Category	% of product	Duty Rate (%)	Last fiscal year	
			Annual US sales	
			Gross Margin %	
			Duty paid \$	
			Customer freight paid \$	

Invoicing	#	Revenue	%
B2B Invoices			0%
B2C invoices			0%

Invoice value threshold	Quantity	Total \$	%
Invoices <= \$800			0%
Invoices > \$800			0%
Invoices <= \$800			0%
Invoices > \$800			0%

DE MINIMIS

US De Minimis rules allow shipments valued at \$800USD or less to enter duty free regardless of country of origin

Potential duty savings \$ - TO \$ -

- Other saving considerations:
- * Staffing
 - * Efficiency
 - * Refund on duty paid in Canada for goods exported to US
 - * Space savings
 - * Reduced cashflow needs

Worksheet for determining savings