

MAINE DEPARTMENT OF TRANSPORTATION

**INTERNATIONAL BRIDGE OVER THE ST. CROIX RIVER
BETWEEN CALAIS, ME, UNITED STATES
AND ST. STEPHEN NB, CANADA**

PIN 8483.36

CONTRACTOR INFORMATION GUIDE

DECEMBER 2005

INTRODUCTION

The construction of the new International Bridge crossing the St. Croix River between the State of Maine and the Province of New Brunswick involves a number of regulations associated with the movement of goods and people across an international border.

The construction of the new international bridge over the St. Croix River between the State of Maine and the Province of New Brunswick involves a number of laws, regulations and rules associated with the movement of goods and people across the border of Canada and the United States of America.

This publication identifies sources of information and web site addresses that may help contractors prepare to bid on the international bridge project between Maine and New Brunswick. Although this publication mentions laws, regulations, web sites and other sources of information, it is not intended to function as legal research or an interpretation of the law nor is it intended to serve as legal advice.

If you need legal advice, you must consult a qualified attorney. Reliance on any information contained herein must be at the user's own risk and may not be used in support of a future claim. The State of Maine Department of Transportation and the New Brunswick Department of Transportation will not be liable for any losses caused by reliance on the information in this publication.

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CANADA BORDER SERVICES AGENCY (CBSA) - Importation Process
(Application of Duty and Taxes)

Importation of Goods

Goods, Materials and supplies imported during the construction of the International Bridge may enter in two scenarios – **permanent importation** to be wrought into and permanently installed into the Bridge or **temporary importation**, such as machinery and equipment. Generally, a formal entry will be required by CBSA to account for the importation of these goods and Customs duties and Federal taxes may be applicable as noted below.

Goods: Permanent Importation

Goods that will be permanently imported such as materials wrought into and used in the construction of the bridge will require the presentation of an accounting package to CBSA. The importer or their Customs Broker can complete the accounting package, which will declare the correct classification and tariff treatment applicable, both of which will determine the rate of duty to be applied.

For further information on this process: <http://www.cbsa-asfc.gc.ca/sme/menu-e.html>

Under the North American Free Trade Agreement (NAFTA) all goods that originate in the United States, Mexico or Canada will receive the beneficial tariff treatment and thus be free of duty. Therefore, those goods that are dutiable according to their classification will be free of duty when a valid NAFTA Certificate of Origin is supplied to the importer. While it is anticipated that most goods entering Canada for this project will qualify for NAFTA, the importer should request a Certificate of Origin for each shipment or be assured that the classification being used will provide a free rate of duty. Rulings may be acquired by forwarding a request with information on the goods to our Client Service Office as noted below.

Generally, the Goods and Services Tax (GST) will be collected on the duty paid value of the goods and materials being imported. The rate of tax applicable will be 7%.

Contractors may also be required to self-assess the 8% provincial component of the HST, as explained in the submission of Canada Revenue Agency (CRA) on page 7.

Goods: Temporary Importation

There is provision in the Customs Tariff for goods imported temporarily, providing full duty relief when the imported goods are not for sale, lease or for further processing. Therefore equipment, such as cranes, backhoes, bull dozers, etc. may enter under the provisions of our Temporary Importation Regulations and receive full duty relief under

Tariff item 9993.00.00. Generally, there is no provision for relief of GST and therefore the Customs Accounting documentation will account for GST at 7% on the full value of the machinery being imported. The Contractor may also be required to self-assess the 8% provincial component of the HST, as discussed on page 7.

Contact Information Goods Importation:

Canada Border Services: Client Services
1969 Upper Water Street
Purdy's Tower 2, 5th Floor
Halifax, Nova Scotia B3J 3R7

Roger Long

Phone: (902) 426-2724
Fax: (902) 426-8825

Temporary Importation of Floating Barges:

Duties and taxes may only be payable on 1/120th of the value per month on the temporary importation of a floating barge provided the relevant legislative provisions are met. Further information can be obtained from Customs Memorandum D3-5-7 or through the contacts below.

With respect to GST specifically, the value of a vessel may be determined on a 1/120th basis provided it is temporarily imported in circumstances where section 3 of the Vessel Duties Reduction or Removal Regulation apply. For further information on whether the 1/120th valuation is applicable to your circumstances and whether there is a requirement to self-assess the provincial component of the HST please contact GST/HST Rulings at 1-800-959-8287.

Vessels, including barges, temporarily imported into Canada must receive authorization from both, Canadian Transportation Agency and Carrier and Cargo Policy Section of the CBSA.

Authorization requests must be sent to:

Ottawa:

CBSA: Carrier & Cargo Policy	Bonnie Proudfoot	Phone: (613) 954-7204
Canadian Transportation Agency	Danielle Pilon	Phone: (613) 997-8354
Transport Canada Marine Inspection	Gavin Insley	Phone: (506) 636-3333

Immigration Issues for Foreign Workers: International Bridge, Calais-St. Stephen

The contractor will be required to use Canadian Labor to complete the work performed on the portion of the bridge located in Canada.

If there are insufficient numbers of qualified workers, the contractor may seek foreign worker Employment Validation from Human Resources & Skills Development Canada (HRSDC - Tony Whittaker). The employer must satisfy HRSDC that a reasonable attempt has been made to secure Canadian labor.

Individuals working in Canada must be Canadian citizens, permanent residents or hold a current work authorization issued by Citizenship and Immigration Canada (CIC) or Canada Border Services Agency (CBSA).

Work authorizations are issued for a fixed period of time (temporary) and are specific to the work being done, the individual doing the work and the work location. There is a fee for issuing a work authorization.

In the majority of cases, CIC and CBSA will insist on having an HRSDC Labor Market Opinion to support any requests for work authorizations. Specific guidelines have been established to manage the issuance of Labor Market Opinions for work on the International Bridge Project. Please refer to the following section, Human Resources Canada – Foreign Workers for more details.

Contact: Citizenship and Immigration Canada (CIC)

Bruce Estey: Telephone: (506) 465-2221 Bruce.Estey@cic.gc.ca	Val Allain Val.Allain@cic.gc.ca
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HUMAN RESOURCES CANADA – FOREIGN WORKERS

Personnel Entering Canada to Work

Work Authorizations

Citizenship & Immigration / Canada Border Services Agency

- Given the nature of the Calais-St. Stephen International Bridge project, there will be considerable movement of materials, people and equipment across the international boundary line in both directions.
- Individuals working in Canada must be Canadian citizens, permanent residents or hold a ***current work authorization*** issued by Citizenship and Immigration Canada (CIC) or Canada Border Services Agency (CBSA).
- Work authorizations are issued for a fixed period of time (temporary) and are specific to the work being done, the individual doing the work and the work location. There is a fee for issuing a work authorization.
- In the majority of cases, CIC and CBSA will insist on having an HRSDC Labor Market Opinion to support any requests for work authorizations.

Labor Market Opinions
Human Resources & Skills Development Canada / Service Canada

- At the request of an employer, HRSDC will issue a Labor Market Opinion to support a request for work authorization noted above. HRSDC can also issue a Labor Market Opinion at the direct request of CIC / CBSA Officers.
- To request a Labor Market Opinion, an ***employer*** must complete the Request for a Labor Market Opinion application form and submit it to the Service Canada location where the work is being done. Please refer to the following section, Personnel Entering Canada to Work for more information.
- In response to the request, HRSDC can issue either a positive or negative opinion depending on the potential impact on the Canadian Labor market.
- Because of the unique circumstances surrounding the International Bridge project, HRSDC has agreed, in principal, to issue positive opinions and support work authorizations for individuals required to complete the bridge structure.

Personnel Entering Canada to Work

Key Steps for International Bridge Project Contractors / Sub-Contractors

- 1.) As soon as the Contractor becomes aware of the need to have personnel do any work in Canada, contact Tony Whittaker at Service Canada in St. Stephen, NB.
 - Direct Line # - (506) 465-2036
 - FAX – (506) 465-2047
 - E-mail – tony.whittaker@servicecanada.gc.ca
- 2.) The Contractor will be asked to complete a Request for Opinion form that provides HRSDC with details on the job duties and requirements. The Contractor will also be asked to describe efforts to recruit employees in Canada. Because of the unique nature of this project, the Contractor will be provided with specific instructions on how to complete this form when you make contact with Service Canada.
- 3.) Once the Request For Opinion form is completed, you can return it to Tony Whittaker at Service Canada by mail or FAX. The request will then be assessed and a Labor Market Opinion provided in writing. These opinions are unique numbered documents that are shared electronically with other federal agencies.

- 4.) Once the Contractor receives a positive Labor Market Opinion, the employee can approach a Canadian Embassy, Consulate or Port of Entry (e.g. St. Stephen) to secure a work authorization.
- 5.) There are restrictions on which work authorizations can be processed at Ports of Entry so it's best to contact Canada Border Services Agency (CBSA) as soon as you are notified of a positive Labor Market Opinion.
- 6.) If it becomes necessary to extend a work authorization, change the working conditions involved or change personnel, it may be necessary to first amend the Labor Market Opinion. For this reason, first contact regarding material changes or extensions should be Tony Whittaker at Service Canada.

Detailed information on the Foreign Worker Program is available at the following Web address: www.hrsdc.gc.ca

CANADA REVENUE AGENCY
INTERNATIONAL & NON-RESIDENT TAX REQUIREMENTS

Website: www.cra.gc.ca

1. Legislative Requirements:

- IC75-6R2 – www.cra-arc.gc.ca/E/pub/tp/ic75-6r2/README.html

2. Request for a Business Number (BN):

- Form RC1 and Guide – <http://www.cra-arc.gc.ca/E/pbg/tf/rc1/README.html>
- Refer to Paragraphs 45 to 47 of the IC

3.Regulation 105

- Applies to non-residents (individuals & corporations) providing services in Canada
- Waiver Application Form – <http://www.cra-arc.gc.ca/E/pbg/tf/r105/README.html>

4. Request for an Individual Tax Number (ITN)

- Form T1261 – <http://www.cra-arc.gc.ca/E/pbg/tf/t1261/README.html>

5. Regulation 102

- Form available by calling one of the contact persons below
- Refer to Paragraphs 64-96 of the IC

6. Part XIII Tax – Equipment Rental

- IC77-16R4 – <http://www.cra-arc.gc.ca/E/pub/tp/ic77-16r4/README.html>
- IC76-12R5 – <http://www.cra-arc.gc.ca/E/pub/tp/ic76-12r5/README.html>

Contact Numbers:

Shrikant Mehta, Manager	(506) 636-5904
Chantal St John, Non-Resident Auditor	(506) 636-3287
Anne Blanchard, Waivers Officer	(506) 636-5345

CANADA REVENUE AGENCY (CRA) **Importation of Goods**

Generally, all commercial goods imported into Canada are subject to 7% GST on the duty paid value which is payable by every person who is liable under the *Customs Act* to pay duty, or would be required to pay duty if the goods were dutiable. A commercial import is a good that is imported for sale or for any other commercial, industrial, occupational, institutional or other like use. GST on imported goods is collected by Canada Border Services Agency. GST does not apply to the importation of goods that are categorized as non-taxable importations pursuant to Schedule VII to the *Excise Tax Act*.

There may be a requirement to self-assess the 8% provincial component of the HST on the importation of commercial goods where the goods are destined for use in a participating province (New Brunswick, Nova Scotia and Newfoundland and Labrador). However, there are exceptions to the application of the provincial component of the tax, e.g. when the goods imported are for consumption, use or supply exclusively (90% or more) in the GST/HST registrant's commercial activities. CONTRACTORS should refer to page 8 "Should you register for GST/HST purposes" to determine whether registration for GST/HST purposes is mandatory or voluntarily.

Generally, a GST/HST registrant can recover the GST/HST they pay on their purchases, expenses and imports used to provide taxable supplies of goods and services through the claiming of input tax credits (ITCs). For further information on the claiming of ITCs please refer to page 8 "Should you register for GST/HST purposes".

You may contact the GST/HST Rulings Unit of the CRA at 1-800-959-8287 for further information on the tax status of goods imported into Canada, the requirement to self-assess, GST/HST registration requirements, and input tax credits.

Contact information: Canada Revenue Agency Ph: (902) 426-7686
 Atlantic GST/HST Rulings Centre Fax: (902) 426-3062
 Attention: Brenda Howard
 PO Box 638
 1557 Hollis Street
 Halifax, Nova Scotia B3T 1C2

CANADA REVENUE AGENCY
Goods and Services Tax/Harmonized Sales Tax

Should you register for GST/HST purposes?

The Goods and Services Tax (GST)/Harmonized Sales Tax (HST) is a tax on the supply of most goods and services provided in Canada, which is administered by the Canada Revenue Agency (CRA). A GST/HST registrant supplier must collect tax on taxable supplies made in Canada as agent of Her Majesty in right of Canada. Generally, a recipient of a taxable supply in Canada must pay GST at a rate of 7% to the supplier calculated on the value of the consideration for the supply. If the supply is made in a participating province (New Brunswick, Nova Scotia, and Newfoundland and Labrador) the supply will generally be subject to HST at a rate of 15%.

Non-resident Contractors who carry on business in Canada for GST/HST purposes must register for GST/HST if they make taxable supplies in Canada and are not small suppliers. A person is a small supplier if the total gross taxable worldwide revenues of the person (including the revenues of associated businesses) are \$30,000 CA??? or less in the last four consecutive calendar quarters and have not exceeded \$30,000 CA??? in the current calendar quarter.

Generally, a GST/HST registrant can recover the GST/HST they pay on their purchases and expenses used to provide taxable supplies of goods and services through the claiming of input tax credits (ITCs). This includes GST/HST imposed on the importation of goods into Canada. ITCs are claimed as a credit on the registrant's GST/HST tax return and deducted from the tax collectable for the reporting period. The resulting net tax amount must be remitted if positive or claimed as a refund if negative. Contractors may refer to GST/HST Guide General Information for GST/HST Registrants for more information regarding the completion and filing of a GST/HST return.

Whether a particular non-resident CONTRACTOR is carrying on business in Canada for GST/HST purposes is a question of fact requiring consideration of all relevant facts. As such the determination must be made on a case-by-case basis. The factors that the CRA considers in making this determination are outlined in GST/HST Policy Statement P-051R2 *Carrying on Business in Canada*. In addition, the CRA has included 21 examples in the policy that illustrate the application of the principles in the policy.

If a non-resident Contractor does not have a permanent establishment in Canada and applies to be registered for GST/HST purposes, they may have to post security. Should a non-resident person have a permanent establishment in Canada they may be deemed to be resident contractor in Canada for GST/HST purposes. Further information on whether there is a permanent establishment in Canada may be reviewed in GST/HST Policy Statement P-208R *Meaning of Permanent Establishment*. Further information on security is provided in GST/HST Memoranda Series 2.6 *Security Requirements*.

A non-resident contractor that is not required to register for GST/HST purposes may be entitled to register voluntarily even if the non-resident is not carrying on business in Canada for GST/HST purposes. Contractors may refer to GST/HST Memoranda Series 2.3 *Voluntary Registration* for further information on voluntary registration.

All material referred to above can be found on the CRA website at www.cra.gc.ca. For any questions regarding requirements to register for GST/HST or voluntary registration please call 1-800-959-8287.

Contractors may also request a ruling on whether business in Canada is being conducted or whether a permanent establishment exists in Canada. The addresses and fax numbers of the GST/HST Ruling Centres may be obtained in GST/HST Memoranda Series 1.2 or by contacting the GST/HST Rulings Unit.

Contact information:

Canada Revenue Agency
Atlantic GST/HST Rulings Centre
Att: Brenda Howard (902) 426-7686
Kathy Crowell (902) 426-5639
PO Box 638
1557 Hollis Street
Halifax, Nova Scotia
B3T 1C2

U.S. IMMIGRATION AND CUSTOMS

A contractor who desires Canadian citizens to work in the United States on this project may have to apply for and receive approval from U.S. Citizenship and Immigration Services. For information regarding border control, contact **Roland Richardson (800-851-8727) or David Lumbert (506-453-3701) at U.S. Dept. of Homeland Security, Customs and Border Patrol**. The following website will also assist contractors in learning more about relevant U. S. Immigration and Customs requirements:

<http://uscis.gov/graphics/formsfee/forms/i-129.htm>

Questions and concerns about this requirement or any other worker immigration issue can be directed to the **Maine field office of Citizenship and Immigration Services located at 176 Gannett Drive, South Portland, ME 04106, Phone (800 357-2099)**, or via the following website:

<http://uscis.gov/graphics/fieldoffices/portlandme/aboutus.htm>

U.S. DUTIES AND TAXATION

- Goods, materials and services procured in the State of Maine will be subject to Maine's 5% sales tax. Further information can be found by calling (207)-287-2076. The following website provides helpful information and links for Contractors that want to learn more about this requirement:
<http://www.state.me.us/revenue/homepage.html>
- Contractors are reminded that Section 108.6 of the Maine Department of Transportation's Standard Specifications, Revision of December, 2002 states:

108.6 Taxes, Fees, Allowances, and Notices The Contractor shall pay all taxes, charges, fees, and allowances and give all notices necessary and incidental to the due and lawful prosecution of the Work. Except as expressly provided otherwise in this Contract, all such taxes, charges, fees, and allowances are incidental to the Contract. Most items are exempt from Maine sales tax. The Contractor shall Bid in accordance with the Maine statutory exemption from sales tax located at 36 M.R.S.A. §1760, subsections (2) and (61).

- Goods and services procured in states of the United States, other than Maine, will be subject to the sales tax rates of those states, and not additionally subjected to Maine sales tax.