

**April 9, 2008**

**CAA ADVICE TO THEIR MEMBERS AND COMMENTS BY CWB MEMBER**

**Buying a Car from the US**

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CAA Statement 1:

1. If you are thinking of taking advantage of the strong Canadian dollar there are a few rules that you should be aware of before proceeding;

**COMMENT RE CAA STATEMENT 1:**

**The use of the word “rules” is a misnomer. The statements that have been made are not “rules”.**

CAA Statement 2:

a. You cannot buy a new model;

**COMMENT RE CAA STATEMENT 2:**

**The statement is incorrect. U.S. dealers will sell certain makes and models to Canadians. The auto manufacturers have attempted to impose a restriction that the dealer cannot sell to Canadians. Some dealers comply. Others do not comply. Others comply by not selling to a Canadian but arrange for a U.S. citizen to buy the car and resell it to a Canadian (with no mark-up). Canadians with U.S. relatives have the ability to get their U.S. relatives to buy the vehicle and resell it to a Canadian. The sales taxes is often refunded by the state when the vehicle is resold within a certain period of time. Even if the sales tax is not refunded, the difference in price between Canada and the U.S. makes it possible for a Canadian to pay the U.S. sales tax and still have a significant savings. Refer to [www.carswithoutborders.com](http://www.carswithoutborders.com) as some vehicles are admissible for importation and others are not.**

CAA Statement 3:

b. The vehicle must be at least six months old;

**COMMENT RE CAA STATEMENT 3:**

**This statement is incorrect. The six month period applies to when General Motors Canada will honour the warranty on a U.S. car. Until the end of the six month period the Canadian purchaser has to have his warranty claims dealt with at a U.S. dealer. The manufacturer must honour the warranty even if the car is a resale as noted in Statement 2.**

CAA Statement 4:

c. The vehicle must have been previously sold as used.

**COMMENT RE CAA STATEMENT 4:**

**This statement is incorrect.**

Currently, there are several outstanding Canadian law suites against US manufactures regarding new car sales

CAA Statement 5:

but for the most part the manufacturers will not sell them directly to Canadian citizens.

**COMMENT RE CAA STATEMENT 5:**

**Motor vehicle manufacturers do not sell motor vehicles directly to purchasers in Canada or the U.S. As indicated in Comment Re CAA Statement 2, the U.S. dealers of auto manufacturers are known to be selling to Canadians.**

CAA Statement 6:

2. The price for an American vehicle will vary by state.

**COMMENT RE CAA STATEMENT 6:**

**Any purchase of the magnitude of a motor vehicle entails investigation in order to find the best deal whether it be in Canada or the United States.**

CAA Statement 7:

and type of vehicle

**COMMENT RE CAA STATEMENT 7:**

**It is not unreasonable to expect the price to vary by the type of vehicle.**

CAA Statement 8:

You may also need to make changes to meet Canadian requirements depending on your province. For instance, all New York state models have daytime running lamps, where as Virginia state models do not, further there can also be odometer issues

**COMMENT RE CAA STATEMENT 8:**

**Changes, if any, are determined by the manufacturer in order to comply with the Canadian Motor Vehicle Safety Act and not Provincial statutes or regulations..**

CAA Statement 9:

3. If you purchase a demo model, than you must pay the GST and PST taxes at the border.

**COMMENT RE CAA STATEMENT 9:**

**Whether the car being imported is a demo, new or used makes no difference. GST and PST must be paid at the Port of Entry.**

CAA Statement 10:

On some models you must also pay duties but this varies by make and model. To be certain of all applicable charges it is best to contact Customs and Excise Canada for the specific model regulations.

**COMMENT RE CAA STATEMENT 10:**

**There is no duty on vehicles manufactured in North America in accordance with NAFTA. Duty is only applicable on vehicles manufactured outside North America. The payment of duty on vehicles manufactured outside North America has little impact on the decision to purchase in the U.S. given the much higher prices for motor vehicles in Canada. Refer to [www.ataleoftwoprices.com](http://www.ataleoftwoprices.com) and [www.carswithoutborders.com](http://www.carswithoutborders.com)**

CAA Statement 11:

In order to have the vehicle shipped,

**COMMENT RE CAA STATEMENT 11:**

**The comment implies that Canadians “ship” their vehicle when in fact, many Canadians choose to drive the vehicle home. It is primarily Canadian auto dealers who are importing thousands of used motor vehicles from the U.S. with the knowledge that they can sell them for more in Canada.**

CAA Statement 12:

you must have valid insurance and get a US trip permit or have a dealer plate that allows for travel.

**COMMENT RE CAA STATEMENT 12:**

**The requirements vary from province to province and often depend on what prior arrangements have been made in the home province of the Canadian. If a Canadian does not have prior arrangements made in Canada that provides a Canadian transit permit, such permits can be obtained from certain state motor vehicle licensing authorities and insurance can be arranged with a Canadian insurer by telephone. This can be the case when a person who is on holidays in the U.S. and purchases a vehicle.**

CAA Statement 13:

4. Once the vehicle is in Canada, you must take it to a verification station for mileage check and a physical presence check (making sure the car exists). Currently in Canada, this service is only available through Canadian Tire at a cost of \$200.00.

**COMMENT RE CAA STATEMENT 13:**

**The comment refers to a “verification station” when in fact Canadian Tire conducts and inspection to ensure that the documentation and motor vehicle complies with Canadian Motor Vehicle Safety Standards. CAA has failed to inform its members that a recall letter is required from the manufacturer. CAA may wish to refer its members to [http://www.riv.ca/english/html/how\\_to\\_import.html](http://www.riv.ca/english/html/how_to_import.html) and [www.carswithoutborders.com](http://www.carswithoutborders.com) . More precisely, the importation fee is \$195.00 + GST and QST for vehicles entering through a port in Quebec and \$195.00 + GST for vehicles entering through a port in any other province. The CAA has failed to inform their members that manufacturers charge for documentation that may be required in order to import a motor vehicle.**

5. Once all these steps are completed, then the vehicle can be licensed in Canada

**THE COMMENTS MADE HEREIN WITH RESPECT TO THE STATEMENTS OF THE CAA HAVE BEEN LIMITED TO THE COMMENT MADE BY CAA. NATURE. THEY ARE NOT WRITTEN TO ADDRESS ALL OF THE ISSUES TO BE CONSIDERED BY A CANADIAN WHO PURCHASES A VEHICLE IN THE U.S. AND WISHES TO IMPORT IT INTO CANADA. IMPORTATION IS A PROCESS WHICH INVOLVES A NUMBER OF STEPS WHICH WHEN FOLLOWED HAS RESULTED IN CANADIANS SAVING MILLIONS OF DOLLARS.**

**THE DIFFERENCES IN CANADIAN AND U.S. MOTOR VEHICLE PRICES HAS RESULTED IN OVER \$5 BILLION ANNUALLY BEING PAID BY CANADIANS TO MOTOR VEHICLE MANUFACTURERS AS A RESULT OF MANUFACTURERS CHARGING THEIR CANADIAN SUBSIDIARIES MORE FOR VEHICLES THAT IS THE CASE IN THE U.S. KPMG HAS DEMONSTRATED IN AN EXHAUSTIVE STUDY THAT THE COST OF DOING BUSINESS IN CANADA IS LESS THAN THE COST OF DOING BUSINESS IN THE UNITED STATES. THE \$5 BILLION IS NOT SUBJECT TO CANADIAN TAX AS THIS IS PROFIT IN THE PARENT CORPORATION WHICH IS DOMICILED IN A COUNTRY SUCH AS THE UNITED STATES, GERMANY OR JAPAN.**

**CAA MEMBERS SHOULD BE AWARE THAT THE AUTO MANUFACTURERS TELL TRANSPORT CANADA WHICH VEHICLES ARE ADMISSABLE AND WHICH ARE NOT. TRANSPORT CANADA RELIES ON THESE STATEMENTS. [WWW.CARSWITHOUTBORDERS.COM](http://www.carswithoutborders.com) IS REPLETE WITH EXAMPLES OF VEHICLES DEEMED TO BE INADMISSABLE BY THE MANUFACTURERS IN FACT HAVING THE SAME PARTS AS THE CARS THAT THE MANUFACTURER SELLS THROUGH ITS CANADIAN DEALER NETWORK.**

**THE FAILURE OF THE GOVERNMENT OF CANADA TO HARMONIZE MOTOR VEHICLE SAFETY AND ENVIRONMENTAL REGULATIONS WITH THE UNITED STATES HAS GIVEN THIS POWER TO CONTROL THE ADMISSABILITY OF VEHICLES SOLD IN THE U.S. INTO CANADA. THE NAFTA AGREEMENT IS NOT BEING COMPLIED WITH AS A RESULT OF THE FAILURE OF THE GOVERNMENT OF CANADA TO HARMONIZE MOTOR VEHICLE SAFETY AND ENVIRONMENTAL REGULATIONS. CAA SHOULD CONSIDER INFORMING THEIR MEMBERS OF THIS PROBLEM AND HAVE THEM CONTACT THOSE POLITICIANS LISTED AT <http://www.carswithoutborders.com/2008/04/02/transportation-canada-issues-proposal-to-bumper-regulation/#comment-2318>**

**CAA HAS FAILED TO INFORM ITS MEMBERS OF THE CURRENT DELIBERATIONS REGARDING BUMPER AND MOTOR VEHICLE ENVIRONMENTAL STANDARDS IN CANADA. TRANSPORT CANADA AND**

**ENVIRONMENT CANADA, AS PART OF A CONSULTATIVE PROCESS, HAVE INVITED INTERESTED PARTIES TO EXPRESS THEIR VIEWS ON THESE MATTERS.**

**<http://www.carswithoutborders.com/2008/04/02/transportation-canada-issues-proposal-to-bumper-regulation/>**

**IF CANADIANS DO NOT WISH TO PAY MORE THAN \$5 BILLION DOLLARS A YEAR MORE THAN AMERICANS FOR THE SAME MOTOR VEHICLES, THEY SHOULD ASK THE POLITICAL DECISION MAKERS TO HARMONIZE MOTOR VEHICLE SAFETY AND ENVIRONMENTAL STANDARDS WITH THE U.S..**

**CAA MEMBERS SHOULD BE PROVIDED WITH ACCURATE AND COMPLETE INFORMATION.**