



Key e-Commerce Regulatory Issues

An eBC Guide to Taxation, Security and Privacy, e-Export and Legal Issues

The following document will provide you with an overview of key e-commerce regulatory issues -- taxation, security and privacy, e-export and legal -- and offers direction to additional resources.

LEGAL ISSUES -- GENERAL

In general, all existing laws that apply to traditional commerce apply equally in an electronic environment. For example, laws governing business incorporation, business name registration, taxation, consumer protection, deceptive advertising, importing/exporting, product safety, product standards, criminal code, inter-provincial trade treaties, intellectual property and liability apply on the Internet. In short, companies must comply with the law of any jurisdiction where it is deemed to be "carrying on business."

For more information on e-commerce and its relation to: Copyright, Trade-marks, Contracts, Advertising, Website Use Agreements, Risk Management etc. visit:

Borden Ladner Gervais -- www.blgcanada.com, -- to request a free copy of their Internet Law Handbook. This is a great introductory resource for anyone considering promoting or selling online.

The Canadian Intellectual Property Office:

http://strategis.ic.gc.ca/sc_mrksv/cipo/welcome/welcom-e.html

TAXATION

For the most part, existing tax rules apply equally in Internet commerce -- no new taxes have been created specifically for the Internet.

This means that (with certain exceptions) as a company operating in British Columbia you must charge GST and PST to all buyers who live in British Columbia. However, for all other Canadian provinces you only need charge GST at 6% with the exception of New Brunswick, Nova Scotia and Newfoundland to which you charge the HST at 14%.

If a seller finds he/she is selling a significant volume of product to a particular province in Canada, that province should be contacted and the seller register for a tax number in that province. For more about provincial taxation contact the province in question, or the BC Consumer Taxation branch at 1-877-388-4440.

For all other transactions outside of Canada, you need not charge GST or PST. All international transactions are zero rated, that is, taxable at 0%. This is analogous to selling goods physically in British Columbia in a retail outlet, warehouse etc.

If a seller is sending significant product volume out of the country, he/she is essentially exporting and should consult export data for the country in question.

For more information about export visit: <http://www.exportsource.ca> or call the Team Canada Inc., offering toll-free Export Information at: 1-888-811-1119.

That said, there are a number of 'grey' areas in the electronic world, specifically in terms of sales of information-based services. Internet tax issues are often dealt with on a case by case basis by Canada Customs and Revenue Agency. Therefore, it is best to check with CCRA if you are at all in doubt regarding the kinds of taxes you should be charging for your products or services.

You can also download a copy of CCRA's GST/HST and Electronic Commerce – Technical Bulletin:
<http://www.ccr-aadrc.gc.ca/E/pub/gm/b-090/b-090-01-e.html>

Also see:
www.ccr-aadrc.gc.ca/ecom

For more information about International Taxes try this directory:
<http://www.taxesites.com/international.html>

PRIVACY AND SECURITY/ CONSUMER PROTECTION

A variety of solutions to privacy and security concerns exist today. Software can be used to encrypt transactions and block unwanted messages. Your ISP and/or Web developer should be able to provide you with information on various software packages, based on your security needs.

In addition, the federal government is acting to protect personal information. The Personal Information Protection and Electronic Documents Act establishes principles governing the collection, use and disclosure of personal information. In particular, it provides that business must obtain the consent of consumers to use their personal information and gives consumers access to their personal information and to simple and effective redress procedures.

Compliance with the legislation is overseen by the federal Privacy Commissioner -- www.privcom.gc.ca. The Commissioner's role includes receiving complaints concerning contravention of the principles, carrying out investigations and audits, and dispute resolution. Unresolved disputes regarding certain matters can be taken to the Federal Court for final resolution. The Commissioner also has extensive powers to do research and public education, which is vital, if consumers are to learn how to protect their privacy.

ADDITIONAL PRIVACY/SECURITY RESOURCES:

Reporting and Researching Fraud
Internet Fraud Watch
<http://www.fraud.org/welcome.htm>

Royal Canadian Mounted Police
http://www.rcmp.ca/index_e.htm

Internet Scambusters
<http://www.scambusters.org/>

Security Verification Solutions
Verisign Inc.
<http://www.verisign.com>

Thawte
<http://www.thawte.com>

Consumer Protection for Electronic Commerce – Industry Canada
<http://strategis.ic.gc.ca/epic/internet/inoca-bc.nsf/vwGeneratedInterE/Home>

Cross-Border e-Commerce Complaints
<http://www.econsumer.gov/>

E-EXPORT

Do you need an export license if you sell things over the Internet?
The application of export rules is the same in the electronic world. If you currently need an export permit to sell your product overseas, you will need one to sell over the Internet to people in foreign countries.

The issuance of Export Permits is administered by the Export Controls Division of DFAIT. The Division provides assistance to exporters in determining if export permits are required. It also publishes brochures and Notices to Exporters. For further information visit: www.dfait-maeci.gc.ca/eicb/.

Industry Canada also offers an export guide:
Export Source
www.exportsource.gc.ca