

## **SELLING A CANADIAN BOAT MOORED IN THE U.S.**

It is often said the two happiest days in a sailor's life are the days he buys and sells his boat. For two of my friends, with boats moored in the US, the selling of their Canadian registered boats turned into an expensive nightmare. Each of them was fined the value of the boat (about \$300,000) and lost their Nexus cards permanently.

This short talk is to describe the pitfalls they encountered, and to relate what I have learned about the process. My friends engaged U.S. yacht brokers, while I planned to sell my boat privately. All these boats were moored for some years in either Point Roberts or at Semiahmoo Marina.

### **U.S. YACHT BROKER**

Most boat owners engage a yacht broker whose commission is usually 10% of the sale price. By selling it privately, you do all the work but keep all the money. When I contacted US Customs about selling my Canadian registered boat in the U.S., I was told to engage to a US yacht broker. If I wanted to sell it privately, I should take it into Canada. What I was told is true, but it is not the whole truth – not by a very long shot.

A U.S. yacht broker will import your boat into the U.S., advertise it, show it and, hopefully, sell it. My friends trusted the US yacht brokers they engaged would do due diligence by them. In this they were mistaken. Both brokers omitted vital steps in the US Customs compliance process e.g. to obtain a license to show the boat (c. \$235) or a license to sell it (c. \$1250).

Just as registering your boat in Canada triggers the Canadian tax authorities to bill you the 12% tax, so engaging in the selling process in the U.S. somehow alerts US Customs in some way. One of my friends first learned there was a problem when his Nexus card was taken from him as he crossed into the States to complete the deal! Both these (innocent) boat owners eventually pleaded their fines down to 1%, but neither could recover his Nexus card.

If you do choose a US yacht broker, do so with care. Accompanying this material are the names of two reliable U.S. Customs brokers you could contact to ensure your U.S. yacht broker is fully up to speed. (Also, the telephone number of the “Final Court of Appeal”!) I make no claim my advice is the last word. In fact, my last word(s) would be “Caveat Venditor” (*let the seller beware*).

### **PRIVATE SALE**

- 1) Canadians are not allowed to sell a Canadian boat privately in the U.S..
- 2) **All** published advertisements must include “*Not for sale in U.S. waters.*”
- 2) No “For sale” sign may appear on the boat while in U.S. waters.
- 3) Tell no-one in your U.S. marina your boat is for sale. If anyone asks, say it is not for sale in U.S. waters.

- 4) Say “No” to U.S. Small Boat Reporting should you be asked if the boat is for sale. This will be true because your boat, when you call U.S. Small Boat Reporting, will be in U.S. waters.
  - 5) Do not show the boat in U.S. waters e.g. at your marina. Pick up potential buyers in Canada e.g. at White Rock pier. And drop them off there afterwards.
  - 6) Do not have the boat surveyed, for sale purposes, in the U.S..
  - 7) All written sale transactions must be dated subsequent to clearing the boat back into Canada with Canadian Customs. This is especially vital for the actual dating of the Bill of Sale.
  - 8) Formerly disengage from your U.S. marina before taking the boat into Canada for a buyer’s survey, the actual sale, etc..
  - 9) Consider engaging a Canadian yacht broker **just to do the paperwork**, after you have found a buyer, agreed on a price, etc.. I offered such a broker \$1000 for this service, and found it to be very good value indeed.
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