

Case #1: Our neighbour USA

- *The following 3 case studies focus on “cross-border” shopping, and purchasing from American companies by phone/mail/Internet, and shopping abroad.*
- *A variety of questions are to be answered individually, or in pairs,*

Tamika is planning a three-day pleasure trip to Detroit, Michigan with her family. While in Detroit, she decides to purchase the following clothing items for herself:

<u>Item</u>	<u>US Cost</u>
1 pair of Hipflinger Jeans	\$55.00
1 pair of Air Psyche running shoes	\$85.00
1 Branches sweatshirt	\$30.00

1. Calculate the total amount Tamika pays in US funds, for all 3 items.

2. a) Estimate this cost in Canadian funds
(*estimate the conversion*). b) Convert this amount to Canadian funds
(*use the current conversion rate*).

3. Tamika must declare all purchased items. The basic exemptions allowed are:

\$20 duty free - if out of the country 24 hours;
\$100 duty free - if out of the country 48 hours;
\$300 duty free - if out of the country 7 days or more.

How much tax must Tamika pay if there is a 3% duty tax, and 7% GST in addition to the amounts mentioned above? Show your calculations.

4. Would Tamika benefit from remaining 7 days instead of 3 in Detroit? Explain.
