

Who owns the goods in transit?

(... when does the title pass to the buyer from the seller?)

FOB Shipping Point (FOB Origin): Buyer owns goods, in transit. Title passes to the buyer at the moment the goods are transferred to the carrier. Buyer files any damage claims.

Company A, first seller in Manitoba, sells goods FOB shipping point to Company C in Ontario. Company A is selling goods to a non-first seller in Manitoba because title passes to the buyer at the moment the goods are transferred to the carrier. Company C owns the goods at the moment of pickup in Manitoba, but the goods have not left Manitoba, and 'all Company A can do is assess the EHC as the goods are still owned in Manitoba.

FOB Destination: Seller owns goods in transit. Title passes to the buyer when the goods reach their destination. Seller files any damage claims.

Company A, first seller in Manitoba, sells goods FOB Destination to Company C. Company A is selling goods to a non-first seller in Ontario because title passes to the buyer when freight reaches its destination. Company A owns the goods until the goods have left Manitoba and arrived in Ontario and therefore the EHC does not have to be assessed.

Examples of how shipping terms are used to decide if EHC should be collected and remitted and to which association.

Shipping Terms on Sales - FOB Shipping Point *

Manitoba company sells to Ontario company. Manitoba company must collect and remit EHC to MARRC.

Manitoba company sells to Saskatchewan / Alberta company. Manitoba company must collect and remit EHC to MARRC.

Shipping Terms on Sales - FOB Destination ^

Manitoba company sells to Ontario company. Manitoba company does not collect and remit EHC to 1VIARRC.

Manitoba company sells to Saskatchewan / Alberta company. Manitoba company must collect and remit EHC to SARRC / AUOMA.