

## **E-Business Info-Guide**

This Info-Guide is a document designed to help you navigate through the different government programs, services and regulations which deal with electronic commerce, and identify those of interest. The selected items provide a helpful overview. This list is not exhaustive. Further information on each item can be obtained by contacting the organization directly or by contacting the Canada/Nova Scotia Business Service Centre at 426-8604 or 1-800-668-1010 or visiting our Web site; <http://www.cbcs.org/ns>.

### **1. COMMON QUESTIONS**

#### ***What is electronic commerce?***

Electronic commerce (e-commerce) is any commercial activity conducted over networks linking electronic devices (mainly computers) including commercial transactions conducted by Internet, telephone and fax, electronic banking and payment systems, trade in digitized goods and services, and electronic purchasing and restocking systems.

The Internet has opened up networking to anyone with a computer and Internet access. Businesses can now climb on board the Internet, which amounts to a free electronic highway. Once you're hooked up, you can buy, sell, and connect with the people who matter to you: your own employees (in the next office or three thousand kilometers away), your suppliers, your customers, your bank accounts, your credit information services, your sources of market information, and so on.

#### ***What is the Internet?***

The Internet is a global collection of networks connecting and sharing information through a common set of protocols. It allows computers attached to networks to communicate regardless of manufacturer or brand, architecture, operating system or location.

Not only does the Internet allow open communication, but many forms of communication. Voice, data and video transmissions can be carried over one infrastructure. The Internet was initially used primarily for data transmission, but telephony - voice transmission - and video transmission are growing. Another advantage of the Internet is efficiency of data transfer.

#### ***What is the World Wide Web?***

Imagine the concept of a universal information database -- data that would not only be accessible to people around the world, but information that would link easily to other pieces of information. This concept is now a reality in the form of the World Wide Web (WWW).

The WWW provides links between documents, over the Internet. The Web exists because of programs which communicate between computers connected to the Internet. Utilizing a Web Browser, anyone with a computer, modem and Internet account can search and retrieve information from millions of Web Servers around the world. Some examples of Web Browsers you may be familiar with are Netscape Navigator and Microsoft Internet Explorer.

### ***What is electronic commerce used for?***

Electronic commerce is not limited to certain types of businesses or just technology-related products and services. Companies in every field are doing business online. Networking through electronic commerce can be applied to any facet of a company's operations, including marketing and sales; purchasing and logistics; production; design and engineering. The most effective use of electronic commerce is when several of these functions are combined: information flows from sales to purchasing, to production.

Electronic commerce can be used to:

- **Communicate:** E-mail and Internet Access
- **Promote:** Businesses are using Web pages to advise clients and potential clients about their business and its value. Web pages keep clients informed about products, services, and developments, and they provide the opportunity to answer client questions. They may also use their Web sites to solicit market research information from clients or guests who visit their site. Other uses include:
  - sales -- to sell products, seven days a week, 24 hours per day throughout the globe;
  - product awareness -- online marketing and advertising;
  - customer service -- customer support and communication;
  - economy -- to eliminate some costs of paper transactions and mailing;
  - effectiveness -- due to the speed of communication;
  - it offers the opportunity to work out of the home;
  - a company can compete globally without setting up offices in other countries;
  - small companies can compete against much larger companies as no one can tell how large or young your company is based on your Internet presence;
  - to find information, conduct competitive intelligence, or network with other business owners.
- **Link**  
Internally - Improve communications within your company using an Intranet.  
*Intranet:* a private network inside a company or organization. Intranets are

used to organize internal company operations, such as payroll and inventory.

Externally - Improve communications with suppliers, customers and partners and integrate your business processes using an Extranet.

*Extranet:* connecting two or more intranets, allowing communication with business partners, suppliers, distributors or customers.

- **Creating New Business Models:** Sharing resources with new partners to create virtual global enterprises. The Net has the potential to act as a central nervous system coordinating the business activities of new types of corporate organisms. Set up an arrangement whereby sales information is shared instantaneously with wholesalers, shippers, manufacturers, designers, and even suppliers of raw material.

### ***Should I Be on the Web?***

The decision to get on the Web should not be taken lightly. There are many factors to consider:

- are your customers online or will they be?
- are there untapped markets available online?
- what are your competitors' strategies?
- are there new business or revenue opportunities?
- what are the business trends?
- what are your business strategies?
- what are your resources?

In other words, you must define your business' goals, your direct and indirect competitors.

The Internet can greatly increase your market base, and this means that your marketing will need a broad appeal to please customers from various geographical areas. You must be ready to meet growing demand; consider whether or not your product line be delivered economically and conveniently. There are some significant economic advantages to going online, such as lower rent, labour, inventory, and printing costs. Keep in mind that moving your business to the Web will not fix any problems. If your brick and mortar business isn't working properly, going online will only compound the problem.

### ***What is a typical e-commerce transaction?***

**1.** You must first develop a site that allows potential customers to find your products or services. A customer will browse through your electronic catalogue and select items to add to their shopping cart.

2. Once customers have finished selecting their items, they will fill out an online order form. This usually includes entering the customer's name, address, etc.

3. Order processing software will then calculate the totals, taxes and shipping information (usually based on delivery destination) - credit card number, expiry date and shipping address. This form must be secure. Secure means that the page and information are protected so that outside parties cannot access the information without the proper credentials.

4. Payment processing software encrypts the order total and payment information and contacts the credit card company to verify that the card number is valid and the total amount within the cardholder's limit.

5. Once authorized, a message is usually transmitted immediately to the customer and the merchant verifying the order, and the order processed.

Customers may even be able to track their orders through the shipping process, depending on the sophistication of the storefront software, and whether the merchant has his inventory and other back end systems integrated with the store.

Now that you know how a transaction happens online, you might wonder how all of this is facilitated. This can be the tricky part. Tricky does not mean impossible, but the challenges are the numerous options available and finding the right solution for your business.

The next section presents a process that will help you to develop a clearer understanding of the options that are right for you or, at least, a knowledge of the questions to ask the Internet professionals that you will be working with.

***If I don't want to sell electronically, why use electronic commerce? What are the benefits?***

You can improve customer service by providing new avenues for *promotion and distribution*, by responding more quickly to orders, and by offering more responsive after-sales service.

You can cut costs and save time by improving the *quality of supply chain management*, by integrating back-end production and logistics with front-end marketing and sales, and by letting the computer and software do most of the work in controlling inventory.

You can cut costs and save time by improving *internal functions*, by cutting down on meetings, by sharing information, by eliminating endless trails of paper, and by assuring that internal communications are precise and understood.

***How do I hook up my computer to the Internet?***

You (the user) sign a contract with an Internet Service Provider (ISP) for a dial-in

or dedicated connection to the provider's equipment, which then gives you access to the Internet. The Internet Service Provider (also known as a server) delivers, in effect, the Internet dial tone. Each computer connected to the Internet is assigned an Internet Protocol (IP number), which is its address. They are analogous to telephone numbers.

When looking for an ISP to connect your business to the Internet, consider what different ISPs charge for access time, reliability (e.g. no busy signals or interruptions in connection), speed of data transmission, technical and other services they offer.

It wasn't long ago that your choice was between huge international companies or smaller local companies, or the occasional free community service. Now the telephone and cable companies have jumped into this business, and are often providing faster transmission of data than was previously offered. Ask for advice from somebody you know who is already online, and pick a company that is likely to offer you a decent deal over a long period, because it is inefficient marketing to keep changing your business e-mail addresses.

### ***Is the Internet expensive?***

At first, the costs to get on the Internet can seem intimidating, but compared with what you can accomplish in the areas of marketing and retailing on the Internet versus in the traditional commercial world, it is a very cost effective solution. Also, the potential Internet market is exponentially larger than any local market. First you will need a modem equipped computer (\$1,000-\$5,000) and access to the Internet through an Internet Service Provider (\$30-\$50 a month). These costs are estimates only, since costs can vary significantly, as computer prices continue to come down, and as new access technologies become accessible and affordable (i.e. DSL or cable access).

If you want to set up a Web site for your business, consider hiring a professional to design it for you. The costs can vary significantly whether you want a simple Web site or a very complex Web site. Once you have a site you will want to register the domain (e.g. your-business-name.com), which may cost as much as \$140, depending on your choice of the .com or .ca domain extensions, for two years. Registering your domain on the Internet is like registering your company and company name. Information on registering your domain can be found at <http://www.internic.net> and <http://www.cira.ca/en/become.html> or from your ISP. There are also maintenance costs to consider to keep the site up to date and running smoothly, which can cost between \$20 and \$200 a month, depending on the scope of the site.

### ***How can I secure my Web site and transactions on the Internet?***

The type of security you will need for your Web site depends on what kind of use it will have. Once you determine use, you can identify the types of threats you will need to protect yourself against. For example, if you will be doing online sales

using credit cards, you will need to protect the credit card information from being intercepted, both during the transaction and when it is stored on the server. Similarly, if you have confidential customer information, you will also want to ensure that this information is not accessible. It is useful to note, however, that in many instances, doing online credit card sales can be more secure than in a traditional environment, where much of the credit card fraud is caused by the people involved in the transaction, or by the theft of receipts.

There are a number of security options, from firewall software, to secure servers, to Secure Sockets Layer (SSL), SET and public key infrastructure. Your ISP and/or Web developer should be able to provide you with more information on these solutions, and whether they are right for your site. The most effective and efficient solution for small to mid-size companies may be to use a commerce server provider (CSP). CSPs lease their services to individual retailers for a fraction of the cost of buying a complete e-commerce solution.

### ***What is a digital signature?***

A digital signature is a convenient and secure way of signing electronic documents. Digital signatures provide a secure form of transacting electronically. It is virtually impossible to forge or copy a digital signature. When a document is digitally signed, its integrity and authenticity can be verified, as can the identity of the signer. Digital signatures are based on mathematical theory and the use of algorithms. A digital signature is a complicated concept, but its application is relatively simple and straightforward. Your software does all the work, while you (the user) simply selects the signature option in the software. Digital signatures are particularly important if you want make the electronic transaction as binding as possible. Doing business online in Nova Scotia just got easier. The Province of Nova Scotia has passed a legislation recognizing the legal validity of electronic signatures. This means that an electronic signature will satisfy the legal requirement for a signature.

### ***Realistically, what is your budget?***

Well, you know what they say ... "you get what you pay for." This isn't always entirely true as you could certainly pay a high premium, hire someone who doesn't have your best interests at heart, and end up with an ineffective and poorly designed store. On the other hand, there are some solutions that won't break the bank and will do quite a nice job of selling your products. However, the most important thing about setting up an e-commerce site is to get all the associated costs up front. This means design charges, Web hosting fees, transaction costs, etc. We will go into this in more detail later in the document.

### ***How technically inclined are you?***

If you feel you are fairly technically inclined and have some of the basic skills and tools at your disposal, you may be able to develop the store, or parts of it yourself. With some of the browser-based solutions, i.e. IBM HomePage Creator, you can point and click and select options that will create your store. Your

responsibility would be to scan images, convert them to appropriate file format (.gif, .jpg) and upload them to the Web server.

***How many products do you plan to sell (now and in the future)?***

As you will see later on in this document, charges for e-commerce solutions are often based on the number of items or products in your catalogue. Monthly fees are often based on these numbers and can rise rapidly if your catalogue begins to increase.

If you are planning to sell numerous items, you may wish to look at a more flexible type of solution that won't become too expensive as your business grows.

***Are you looking to integrate a storefront into an existing Web site or are you starting the entire process from scratch?***

You may already have a basic Web site and have decided to add a store component. If this is the case, you may want to begin by talking with your current Web host to see if it offers any e-commerce solutions. You may also have some existing database integration or technologies on your current site that need to be taken into consideration when selecting your storefront option.

Once you have considered these questions, you can get down to business. What options are available and what are the costs involved? To put it all together, let's go through the components of an e-commerce site and the options available to you.

## **2. ANATOMY OF AN E-COMMERCE SITE**

***Vocabulary of E-commerce*** - Public Works and Government Services Canada  
A number of glossaries dealing with the Internet and new technologies have been published, but few have focused on the language of e-commerce. A few terms can be found, scattered here and there, especially in the largest works. The *Vocabulary of E-commerce* fills this gap, as it was designed to meet the need expressed for a single publication on the terminology of e-commerce in English and French.

The *Vocabulary* contains 200 entries as well as many definitions and observations and it is one of the rare works entirely devoted to electronic commerce.

**[Vocabulary of E-commerce](http://www.bureaudelatradsuction.gc.ca/pwgsc_internet/en/publications/gratuit_free/voc_electroni_e.htm)**[http://www.bureaudelatradsuction.gc.ca/pwgsc\\_internet/en/publications/gratuit\\_free/voc\\_electroni\\_e.htm](http://www.bureaudelatradsuction.gc.ca/pwgsc_internet/en/publications/gratuit_free/voc_electroni_e.htm)

### ***Web Design/Catalogue Development***

A good Web designer will be able to give you a professional looking site that is easy to navigate and expresses the culture of your company. With some of the

storefront solutions that we will discuss, you may be able to create a site with little technical knowledge; yet, in many cases, it may not be appropriate for you to build your store - you may need to concentrate on the business aspect of your store and leave the technical and design issues to someone else.

When selecting a designer to develop an e-commerce site, ensure he/she has significant knowledge and experience. In most cases, you will not only be contracting the designer to actually develop your site, but to assess your needs and recommend technologies and solutions that are right for you and your business.

Cost for design specialists can range from \$50/hr and up. Many designers will offer package deals for basic sites for those businesses wanting to get a presence on the Web.

Just like a physical retail outlet, your store will need products to select, a shopping cart, check out, etc. Although you could hire a programmer to build you these components from scratch, there are a number of software solutions on the market that have these components pre-developed.

### ***Template Service or Storefront Software?***

Template service is an online browser based template like Yahoo Store or IBM's Home Page Creator service. This type of service provides a relatively inexpensive solution for small businesses that want an effective store, but don't require full control over every aspect of the site's merchandising and technical capabilities. It is most appropriate for small stores that don't have a large number of items for sale.

Merchants can create a simple store by selecting options and filling in items such as product description, company information, etc. You would also need to upload graphic files and logos that will be displayed on your electronic store.

### ***Template Advantages:***

- easy to use;
- all tasks handled from within your Web Browser (i.e. Netscape, Explorer);
- relatively fast set-up;
- no need to install any software on your computer;
- little technical knowledge required;
- no need to find a Web Hosting Company or ISP as the store is hosted on the template service providers site.

### ***Template Disadvantages:***

- limited flexibility in store design and layout;
- your store looks very much like other stores developed with the template service;
- costs usually increase as additional catalogue items are added.

### ***Template Service Fees***

The fee usually consists of a basic monthly charge plus additional fees. The additional fees depend on the number of transactions your store requires or the number of items your store carries.

IBM HomePage Creator, as an example, ranges from \$45-\$300/month which does not include the costs associated with real-time credit card authorization. The template service will usually set you up with a third party payment processing company for this service.

If you are interested in a template solution, take a look at the seller's Web site; they often provide demos or allow you to create a "test store" prior to signing up.

Storefront software is a tool that you or your developer can use to create your store. These range from very simple and inexpensive packages to more complex and scalable packages that are much more expensive. Again, the package that is right for you depends on the options you need.

Storefront software, which is often referred to as off-line software, varies in terms of sophistication and features. Some software is very simple and straightforward, others have enhanced features and options, i.e., product options, inventory integration and administrative options.

### ***Advantages of Storefront Software:***

- usually more powerful and more flexible than template services;
- more control over the layout and organization of your store;
- work with many Web hosts (confirm with your ISP);
- relatively few restrictions for enhancing or changing a store.

### ***Disadvantages of Storefront Software:***

- may be more complicated to use than templates;
- must be installed on your computer;
- you have to work off-line with the software and upload to the server;
- may assume or require technical or programming knowledge.

### ***Storefront Software Fees***

Fees for storefront software range from about \$450 to \$1,500 CDN with more complex packages priced even higher. The site developer would be required to load this software on his/her computer and would have to upload the completed files to a compatible server (Microsoft IIS, etc.). Use of this software is often limited to people with some technical knowledge as even viewing the completed files in most cases requires the use of a server.

The examples shown above are Canadian solutions which are still fairly difficult to come by. Many of the solutions are produced by American companies which

can make it difficult to get technical support or integrate payment processing solutions.

Also, the storefront package is just that... the store. Merchants will still have to pay fees to a Web host for their server space, set-up a merchant account and a payment processing service, and in most cases, a developer to actually create the store within the software framework.

Many storefront solutions offer merchants the ability to download their software for a trial period. This is highly recommended before you purchase.

### ***Internet Service Provider (ISP)/Web Host***

An ISP provides you a connection to the Internet and a Web host provides space on their server for your Web or e-commerce site. These companies are often one and the same and can provide both services. Customers are usually charged monthly fees based on factors such as site storage space, bandwidth, etc.

Web hosts are starting to offer e-commerce solutions bundled with their monthly storage charges, where they might include a storefront development package, and maybe even Web development. Once again, this usually doesn't include the merchant account or payment processing fees.

### ***Domain Name***

A domain name is your Internet address. It is what people use to find you on the World Wide Web. An example of a domain would be **www.yourcompany.com** or **www.yourcompany.ca**.

In Canada, to use a **.ca** domain name, you must be federally incorporated (minimum cost \$500 CDN) or have a trademark which is registered with the Canadian Registrar of Trademarks (approximately \$350 CDN). You must be registered provincially to use **.yourprovince.ca**.

To obtain a **.com** domain name, there is a registration fee (approximately \$100 CDN). This registration applies for two years after which an annual renewal fee of approximately \$50 CDN will be charged.

If you want to check if your desired domain name is in use and should you wish to look into the rules for domain name registration, check out <http://www.cira.ca/en/become.html>

### ***Merchant Account***

A merchant account is an account that you set up for your store in order to accept credit cards as a form of payment. You must have a merchant account activated for each type of credit card you accept, i.e. Visa, MasterCard, etc. The merchant bank coordinates the transfer of funds between the payment processor, your bank and the cardholder's bank.

Each merchant account is given a classification. In the case of e-commerce, you will be classified as having a "card not present" or "mail order/telephone order" merchant account. The merchant account number(s) obtained from your banking institution will need to be provided to your payment processor. This will allow them to integrate with your store and provide real-time payment processing services.

If you are unable to obtain a merchant account from a financial institution, you may wish to contact an internet payment service such as Internet Secure at [Internet Secure](#). Internet Secure guarantees merchant status for most online stores; however, their set up and transaction fees are usually significantly higher than a merchant account obtained from a bank.

### ***Merchant Security Deposits***

To ensure that they have significant funds available to cover potential charge backs, some financial institutions require substantial security deposits before they will issue you merchant status.

A charge back is a request from the cardholder or card issuer to reverse a purchase that was made on your online store.

It is extremely important that you discuss your merchant account options and all possible fees with your financial institution prior to developing your electronic store.

### ***Payment Processors/Payment Gateways***

These are companies which authorize and instantly approve credit card orders that are made on your online store. This allows shoppers with valid credit cards to complete purchases and prevents those with invalid cards from completing a purchase.

Some examples of Canadian payment processors are:

- E-xact Transactions Ltd. at <http://www.e-xact.com/public>

### ***Payment Processor Fees***

Fees vary from company to company, but typically consist of:

- a one time set-up fee;
- a monthly fee; and
- a per transaction fee.

Often payment processors work with the financial institutions, so their fees are integrated with the merchant account set up. When you contact these organizations, inquire if they bill direct or through your selected banking institutions.

## **Security**

A standard Web site usually doesn't require a high level of security; however, an e-commerce site is quite different. Typically, when customers are shopping on your site, they are in a non-secured environment until they "Click to Pay." This is usually the point when they are directed to a secure server with all of the necessary security features. Once users begin the payment process, they start to give private information such as name, address and, of course, credit card information. This is where the latest encryption technology is activated.

With the use of SSL (Secure Socket Layer) or SET (Secure Electronic Transaction) technology and a digital certificate, the users credit card number and private information is encrypted and sent to the payment processor for verification.

Two of the largest certificate authorities on the Internet are:

- Verisign at <http://www.verisign.com>
- Thawte at <http://www.thawte.com>

Information on security issues and encryption technology can often be obtained from you ISP or Web host.

## **Key Definitions**

### **SSL (Secure Sockets Layer)**

Most sites use SSL browser level standard, which was developed by Netscape Communications Corp. SSL is bundled with current Netscape and Explorer browser versions. SSL encrypts and deciphers all messages travelling to and from the server; however, a merchant won't know for sure that the card has not been stolen. For a higher level of assurance, you must turn to the SET standard.

### **SET (Secure Electronic Transaction) and Digital Certificate**

SET verifies identities as well as encrypting the credit card information. It does this by introducing a third-party "digital certificate" that makes sure no customer or store can pretend to be someone else.

Credit card owners use an "electronic wallet" that sits on their computer hard drive as a browser plug in. Merchants also get a coded certificate provided by their bank, verifying that they are a legitimate business. The certificates generate digital codes called public-private key pair that decipher the credit card number and change with every transaction.

### **ISP (Internet Service Provider)**

An ISP gives you your actual connection to the Internet. Many ISP's offer Web hosting services as well.

### **Web Host**

The hosting service provides a certain amount of storage capacity for your site on their server. Your host can also keep track of how many people are coming to your site and how they have found it (referring sites). They usually charge a set-up fee and monthly space rental charges.

### **3. E-COMMERCE CHECKLIST**

- Develop an e-commerce business plan
- Web designer/E-commerce developer
- Storefront solution (template or storefront software)
- Merchant account(s)
- Payment processor
- ISP to host your store
- Obtain a domain name
- Digital certificate

### **4. REGULATIONS**

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, etc.). Companies must comply with the law of any jurisdiction where it is deemed to be "carrying on business."

#### **Nova Scotia Electronic Commerce Act**

Nova Scotia's act governing online business transactions.

[http://www.gov.ns.ca/legi/legc/bills/58th\\_1st/3rd\\_read/b061.htm](http://www.gov.ns.ca/legi/legc/bills/58th_1st/3rd_read/b061.htm)

### **5. PRIVACY AND SECURITY**

***Is the information I put on this system safe? Can people steal my confidential company information or gain access to my credit card if I use it over the Internet?***

Some businesses are waiting to go online until a secure electronic environment is assured. Solutions to privacy and security 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.

### ***Will my private information be at risk?***

You can install software to help protect the privacy of your business and your clients. In addition, you will have to meet obligations under the *Personal Information Protection and Electronic Documents Act*. 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. For an overview of the *Personal Information Protection and Electronic Documents Act*, see the document [Protection of Personal Information - Your Responsibilities](#)

Compliance with the legislation is overseen by the federal Privacy Commissioner <http://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 have extensive powers to do research and public education which is vital if consumers are to learn how to protect their privacy. The *Personal Information Protection and Electronic Documents Act* guarantees the right to privacy for Canadians.

On January 1, 2004, the *Personal Information Protection and Electronic Documents Act* will cover the collection, use or disclosure of personal information in the course of all commercial activities in Canada, except in provinces which have enacted legislation that is deemed to be substantially similar to the federal law.

The guide ***Your Privacy Responsibilities - Guide for Businesses and Organizations to Canada's Personal Information Protection and Electronic Documents Act*** helps businesses understand and meet their new obligations under Part 1 of the Act. It is available from the Web site of the Privacy Commissioner of Canada at [http://www.privcom.gc.ca/information/guide\\_e.asp](http://www.privcom.gc.ca/information/guide_e.asp)

NOTE: Copies of the guide may be obtained from:  
The Privacy Commissioner of Canada  
112 Kent Street  
Ottawa, Ontario K1A 1H3  
Telephone: (613) 995-8210  
Toll-free: 1-800-282-1376

## **6. TAXATION**

***Do I need to collect GST/HST and PST if I sell things over the Internet to persons outside of my province or in another country?***

In general, all existing tax rules apply equally in an electronic environment, and no new taxes have been created specifically for electronic commerce.

For specific tax-related questions, please call the Canada Revenue Agency at 1-800-959-5525

See the document [Goods and Services Tax and Harmonized Sales Tax - GST/HST](#)

Visit the Web site: <http://www.cra.gc.ca>

The **Goods and Services Tax (GST)** is a multi-stage tax that applies to most transactions throughout the production and marketing process. Under the Goods and Services Tax (GST), most goods and services sold or provided in Canada are taxable at a rate of seven percent (7 percent).

### **Harmonized Sales Tax (HST)**

The Harmonized Sales Tax applies to GST - taxable goods and services delivered in Newfoundland & Labrador, Nova Scotia and New Brunswick. The HST rate is 15 percent.

## **7. EXPORT RULES**

### ***Do I need an export license if I 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 it 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, please call (902) 426-6660

See the document **Export Permits**

Visit the Web site: <http://itcan-cican.gc.ca/menu-en.asp>

## **8. CONSUMER PROTECTION**

### ***Marketing practices/advertising***

Under the **Competition Act**, it is a criminal offense to engage in certain kinds of misleading advertising and deceptive marketing practices. The **Competition Act** defines which marketing practices are illegal in Canada. The Act is enforced by the Competition Bureau, and is applicable in an electronic environment.

For further information, please call 1-800-348-5358

See the document [Competition Act - Misleading Advertising and Deceptive](#)

## Marketing Practices

Visit the Web site: <http://cb-bc.gc.ca/epic/internet/incb-bc.nsf/en/home>

### ***Consumer Protection for Electronic Commerce - A Canadian Framework***

Prepared by the Working Group on Electronic Commerce and Consumers

The Principles are intended to provide guidance to business, consumers and governments as they adapt to the use of online transactions. The principles were drafted by a working group of representatives from Canadian businesses, consumer associations and governments, recognizing that a sound framework for consumer protection will promote consumer confidence and facilitate the acceptance and growth of electronic commerce. The working group has agreed to review the principles regularly to ensure their continued relevance in the rapidly changing electronic marketplace.

The Principles call for:

- clear disclosure of a business's identity, the goods and services it offers, and the terms and conditions of sale;
- a transparent transaction confirmation process;
- payment security;
- protection of personal data;
- restriction of unsolicited commercial e-mail (spam);
- a fair balance of liability in the event of transaction problems;
- timely and affordable means of complaint handling and redress;
- effective consumer education.

They are consistent with the core protections available in consumer law governing traditional forms of commerce.

Released with the Principles of Consumer Protection for Electronic Commerce are tips for online consumers (Shopping on the Internet: Get Informed); and a guide to consumer protection for online merchants (Your Internet Business: Earning Consumer Thrust). All three documents are available on Industry Canada's Strategis Web site at [http://strategis.gc.ca/epic/internet/inoca-bc.nsf/en/h\\_ca01192e.html](http://strategis.gc.ca/epic/internet/inoca-bc.nsf/en/h_ca01192e.html)

## **9. FINANCIAL ASSISTANCE**

**Business Development Program** - Atlantic Canada Opportunities Agency (ACOA)

ACOA provides interest-free, unsecured business loans to certain business types: information technology and knowledge-based businesses, manufacturing and processing, aquaculture, tourism and businesses that provide a service to business. It does not finance retail, wholesale, services of a personal nature,

real estate or government services. Representatives are located throughout the Province.

For the representative nearest you, call a Business Information Officer at the Canada/Nova Scotia Business Service Centre at 426-8604 or 1-800-668-1010  
See the document [Business Development Program](#)  
Internet address for ACOA: <http://www.acoa.ca/e/financial/business.shtml>

### **Community Business Development Corporations (CBDC)**

Set up in rural areas of Nova Scotia CBDCs to provide technical services and financial assistance in the form of loans, loan guarantees and equity assistance to a maximum of \$75,000 or \$125,000 (depending on location) per business. CBDC's are located in Bridgetown, Sheet Harbour Sydney, Amherst, Digby, Church Point, Guysborough, Canso, St. Mary's, Mulgrave, Kentville, Windsor, Inverness, Louisdale, Port Hawkesbury, New Glasgow, Antigonish, Truro, Sydney Mines, Shelburne, Barrington, Clarks Harbour, Lockeport, Bridgewater, Liverpool and Yarmouth.

For the CBDC nearest you - call 1-888-303-CBDC (2232).  
See the document [Community Business Development Corporations \(CBDCs\)](#)  
Visit the Web site: <http://www.cbdc.ca>

## **10. TRAINING AND INFORMATION**

### ***Canadian e-Business Initiative***

The Canadian e-Business Initiative (CeBI) is a voluntary, private sector-led partnership that aims to further Canada's e-business success by focusing on productivity, leadership and innovation in small and medium enterprises (SMEs). The teams of CeBI and their mandates are:

- **e-Business Engagement**
- **Business e-Transformation**
- **Online Privacy & Security**
- **e-Talent Issues for SMEs**
- **Benchmarking & Metrics**
- **Branding**

For more information, please call (613) 992-8562  
See the document [Canadian e-Business Initiative](#)  
Visit the Website: <http://www.cebi.ca>

### ***ebiz.enable***

ebiz.enable is an e-business portal designed specifically to guide businesses through the issues and options encountered in implementing e-business

strategies. It is a comprehensive online resource that allows you to explore the questions, answers and solutions relevant to your company and its success in the global online environment.

For more information, please call (613) 952-4697

See the document [ebiz.enable](#)

Visit the Website: <http://strategis.gc.ca/ebizenable>

### ***Retailinteractive.ca***

The Retail Council of Canada and Industry Canada have partnered to develop and publish retailinteractive.ca, a pipeline to practical, hands-on business information, resources and tools designed especially for Canada's retailers.

Visit the Web site: <http://retailinteractive.ca/SSG/ri00006e.html>

### ***Student Connections:***

- Student Connections will introduce Canadian businesses to the power of the Internet as a business tool. See the document [Student Connections](#)
- E-Commerce First Step Program will help businesses determine what steps need to be taken to implement e-commerce into their business activities.

For more information, please call 1-888-807-7777

See the document [E-Commerce First Step](#)

Visit the Web site: [Student Connections](#)

### ***Electronic Commerce Institute (Quebec organization):***

- The Electronic Commerce Institute promotes, fosters and improves the use of electronic document interchange (EDI) and electronic commerce technologies within businesses.

Visit the Web

site: <http://www.ccomm.qc.ca/asp/contenu.asp?lang=1&GrSection=7>

### ***Task Force on E-Commerce, Industry Canada:***

- The Task Force site will keep you up to date on the latest issues facing businesses using electronic commerce and on the Government of Canada policies.

Visit the Web site: <http://e-com.ic.gc.ca>

## 11. DOING BUSINESS WITH THE GOVERNMENT

The government is moving towards delivering more of its programs and services electronically. Four examples of such programs are:

### ***Trade-marks:***

Trade-mark registration gives you exclusive rights to words, symbols and designs, or combinations of these, that distinguish your wares or services from those of someone else. Trade-marks can be registered electronically with the Canadian Intellectual Property Office (CIPO).

For more information, please call 1-800-668-1010

See the document [Trade-marks](#)

Visit the Web site: <http://cipo.gc.ca>

### ***Federal Business Incorporation:***

You may now send key documents to the Director via electronic forms provided through the Corporations Directorate's Electronic Filing Centre Web site.

For more information, please call (613) 941-9042

See the document [Online Federal Incorporation](#)

See the document [Federal Business Incorporation - Canada Business Corporations Act \(CBCA\)](#)

**Note:** Payment of a fee can only be done through credit card payments (Visa or MasterCard). The "Strategis Secure On-Line Electronic Commerce System" will ensure that online credit card payments are processed with complete security.

Visit the Web site: <http://corporationscanada.ic.gc.ca/epic/internet/incd-dgc.nsf/en/home?OpenDocument>

### ***MERX - The Electronic Tendering Service:***

MERX is an Internet-based electronic tendering system that advertises government contracting opportunities to potential bidders across Canada.

For more information, please call (902)496-5436

See the document [MERX - Electronic Tendering Service](#)

Visit the Web site: <http://www.merx.com>

## 12. RELATED SITES

### ***Community Access Program***

This program provides rural and remote communities with affordable public access to the Internet.

For more information, please call (902) 426-9905  
See the document [Community Access Program](#)  
Visit the Web site: <http://cap.ic.gc.ca>

**Consumers and Electronic Commerce**, Consumer Connection  
Office of Consumer Affairs discussion papers, links to other Strategis electronic commerce documents such as case studies.  
Visit the Web site: <http://strategis.ic.gc.ca/epic/internet/inoca-bc.nsf/en/ca01733e.html>

### **E-Commerce Guide**

Tutorials, statistics, and market trends related to electronic commerce. This is a US based website but most of the information is useful to Canadians.  
Visit the Web site: <http://ecommerce.internet.com>

### **The Canadian Internet Registration Authority (CIRA)**

The CIRA is a not for profit Canadian corporation that has the mandate to set policy for and operate the .ca domain.  
Visit the Web site: <http://www.cira.ca/en/become.html>

### **Electronic Commerce and the European Union**

A large site with an introductory section on electronic commerce, an issues section and information on the G7 E-Commerce initiative.  
Visit the Web site: [http://europa.eu.int/information\\_society/index\\_en.htm](http://europa.eu.int/information_society/index_en.htm)

### **Electronic Commerce and the Organization for Economic Cooperation and Development (OECD)**

A site providing documentation and background information on electronic commerce initiative in the OECD countries.  
Visit the Web site: [http://www.oecd.org/subject/e\\_commerce](http://www.oecd.org/subject/e_commerce)

### **Protecting Yourself When Buying Online**, US Federal Trade Commission

A basic overview of the potential hazards and how to avoid them.  
Visit the Web site: <http://www.ftc.gov/bcp/menu-internet.htm>

### **Canadian Bankers Association**

Accepting payment by credit card usually requires a business bank (merchant) account with financial institutions that deal with each specific card. See your financial institution or the Canadian Bankers Association Web site for information on electronic commerce.  
Visit the Web site: <http://www.cba.ca/en/default.asp>

### **Net Secure** -- E-business Insurance Program, CATAAlliance

This new insurance program, known as Net Secure, is being offered exclusively to CATAAlliance members. Net Secure provides up to \$200 million of insurance protection for e-business exposures on a worldwide basis, an e-business security

and insurance audit, and access to a wide range of e-business consulting and crisis management services.

Visit the Web site: [Canadian Advanced Technology Alliance](#)

### ***Electronic Commerce in Canada***

This site is the virtual focal point for information on Canada's Electronic Commerce Strategy, outlining the various initiatives which are helping make Canada a world leader in the adoption and use of electronic commerce.

Visit the Web site: <http://e-com.ic.gc.ca>

### ***Electronic Commerce Technology Suppliers***

Suppliers are entering the e-commerce market as established firms migrating their expertise to the Internet platform or as new start-ups bringing innovative talent together to exploit the market opportunity.

Visit the Web site: [http://strategis.ic.gc.ca/epic/internet/inict-tic.nsf/en/h\\_it06122e.html](http://strategis.ic.gc.ca/epic/internet/inict-tic.nsf/en/h_it06122e.html)

### ***Forrester Research***

Even without a subscription to their research material, this site has a reference library, highlights from their reports and other e-commerce related information.

Visit the Web site: <http://www.forrester.com>

### ***IBM***

This site has a small business section, with resource information to help small businesses with understanding what it takes to successfully set up shop on the Internet, as well as lots of other links to e-commerce related information.

Visit the Web site: <http://www.ibm.com/e-business>

### ***Additional Information***

Clients can consult Internet-business publications and guides, such as "*Cyberlaw Canada*" or "*Small Business Guide to Doing Big Business on the Internet*" from the Self-Counsel Press, "*Canadian Internet Advantage*" from Prentice Hall Canada or "*Selling Online - How to Become a Successful E-Commerce Merchant in Canada*" by Jim Carroll and Rick Broadhead, published by CDG Books

Canada Inc. <http://www.rickbroadhead.com>

For other resources available, please contact the Canada/Nova Scotia Business Service Centre.

For more resources, a simple Internet search using a search engine will return many useful websites related to e-commerce. Try using a combination of words such as: e-commerce, resources, e-business, electronic commerce etc.