



Excise Taxes and Special Levies Memorandum

X6.2

July 2013

Returns and Payments

NOTE: This memorandum replaces ETSL Memorandum X6.2, *Returns and Payments*, dated September 1997.

This memorandum explains the procedures under the *Excise Tax Act* (the Act) and its regulations for the filing of excise tax returns and the payment of excise taxes by persons licensed to pay tax under Part III of the Act.

Disclaimer:

The information in this memorandum is for reference purposes only and does not replace the law found in the Act or its regulations. Should there be any discrepancy between the information in this memorandum and that contained in the Act or its regulations, the legislative provisions apply. As the information in this publication may not completely address your particular situation, you may wish to refer to the Act or appropriate regulation, or call 1-866-330-3304 for additional information.

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Excise tax returns

1. As per subsection 79(1)¹, every person who is required to pay excise tax under Part III and every person who is licensed in respect of that Part is required to :

- file a return in the prescribed form and manner for that period;
- calculate in the return the total amount of tax payable, if any, for that period; and
- pay that amount to the Receiver General.

2. All returns must be filed, and payments remitted, not later than the last day of the first month after each reporting period of the person.

3. The date a return is considered to be filed and the date tax is considered paid are subject to different rules in the Act, as explained in paragraphs 16, 17 and 21 of this memorandum.

¹ Unless otherwise stated, all legislative references are to the *Excise Tax Act*.

La version française de la présente publication est intitulée *Déclarations et paiements*.



Canada Revenue Agency
Agence du revenu du Canada

Reporting periods

Monthly

4. Under subsection 78.1(1), the reporting period of a person is generally a **fiscal month**.
5. Subsection 78(1) states that if the fiscal months of a person have been determined for GST/HST purposes, those fiscal months can apply for excise tax purposes. If fiscal months have not yet been determined, the person may choose fiscal months that meet the requirements for GST/HST purposes in subsection 243(2), or the person can choose to use calendar months.
6. As per subsection 78(2), every person who is required to file an excise tax return must notify the CRA of their fiscal months using Form B268, *Notification of Fiscal Months*. The completed form and attachments must be sent to the Summerside Tax Centre at the address indicated in paragraph 15 of this memorandum.

Semi-annual

7. Under subsection 78.1(2), the CRA may authorize the reporting period of a person to be a **fiscal half-year** in a particular fiscal year if
 - the person is required to pay excise tax and has been a licensee under Part III of the Act for more than twelve consecutive fiscal months;
 - the total of all excise taxes payable by the person and any associated person did not exceed \$120,000 in the previous and current fiscal year;
 - the person is in compliance with the Act.
8. If a person wishes to have reporting periods that are fiscal half-years, that person will need to apply using Form B284, *Election or Revocation of the Election for Semi-Annual Reporting*.
9. The fiscal half-years of a person are determined using the following rules, as per subsection 78(1.1):
 - the period beginning on the first day of the first fiscal month in a fiscal year of the person and ending on the earlier of the last day of the sixth fiscal month and the last day in the fiscal year is a fiscal half-year of the person; and
 - the period, if any, beginning on the first day of the seventh fiscal month and ending on the last day in the fiscal year of the person is a fiscal half-year of the person.
10. Under subsection 78.1(3), if the total of all excise taxes payable by a person or any associated person exceeds \$120,000 in a fiscal year, the authorization to use fiscal half-years is deemed to be revoked. Such revocation would be effective on the first day after the end of the fiscal half-year in which the excess occurs.
11. Subsection 78.1(4) states that the CRA may revoke an authorization in any of the following conditions:
 - the person requests it in writing to the CRA;
 - the person fails to comply with the Act; or
 - the CRA considers that the authorization is no longer required.
12. As per subsection 78.1(5), if an authorization is revoked, the CRA will send a notice in writing of the revocation to the person and will specify the fiscal month for which the revocation becomes effective.

13. Under subsection 78.1(6), if a revocation made under one of the conditions listed in paragraph 11 becomes effective before the last day of a fiscal half-year, the period beginning on the first day of the fiscal half-year and ending immediately before the first day of the fiscal month for which the revocation becomes effective is deemed to be a reporting period of the person.

Filing an excise tax return

14. Form B200, Excise Tax Return, is the prescribed form to use when a person is required to file a return and make an excise tax payment.

15. Excise tax returns must be sent by regular mail to the Summerside Tax Centre at the following address:

Canada Revenue Agency
Summerside Tax Centre
275 Pope Road, Suite 101
Summerside, PE C1N 6E7

16. According to subsection 79.2(1), the return is deemed to have been filed on the day on which the return was mailed. The date of the postmark is considered to be evidence of that day.

17. When the due date for the excise tax return falls on a Saturday, Sunday or a public holiday, the due date will be the first business day following the weekend or holiday.

Demand for a return

18. Under subsection 79(4), the CRA may require a person to file a return for any period designated in the demand sent, within any reasonable time stipulated in the demand.

19. Every person who fails to file a return when required under a demand issued by the CRA is liable to a penalty of \$250, as per subsection 79(5).

Making payments

20. Payments may be made in one of the following ways:

- electronically using My Payment. With *My Payment*, licensees can make payments online, through the CRA Web site, from an account at a participating Canadian financial institution. For more information on this self-service option, go to www.cra.gc.ca/mypayment;
- electronically using a financial institution's Internet or telephone banking service;
- by regular mail, along with an excise tax, return to the Summerside Tax Centre. Sufficient lead-time is required to ensure that the payment is received by the due date of the excise duty return, as the postmark date is not evidence of the day the payment is made;
- at an authorized Canadian financial institution on or before the due date. The payment must be accompanied by a personalized, pre-printed remittance voucher RC158. The person making the payment should ensure that the appropriate portion of the remittance voucher is date-stamped. The date of the teller's stamp will be considered as the date received. Excise tax returns are **not** accepted in conjunction with a payment made at an authorized financial institution.

21. According to subsection 79.2(2), the amount must be received by the Receiver General or a financial institution on or before the due date of the return to be considered paid or remitted to the CRA. If the payment is mailed, the postmark date is not considered to be evidence of the day that the payment is made.

22. This remittance voucher is only available in personalized, pre-printed format. To replace lost remittance vouchers or to get a limited number of personalized forms (maximum of six), please contact the CRA at 1-800-959-5525. The person making the payment should ensure that the appropriate portion of the remittance voucher is date-stamped by the financial institution. The date of the teller's stamp will be considered to be the date the payment was received.

Large amounts and nominal amounts to pay or owed

23. If the amount payable is \$50,000 or more, it must be paid at one of the following financial institutions:

- a bank;
- a credit union;
- a corporation authorized under the laws of Canada or a province to carry on the business of offering its services as a trustee to the public; or
- a corporation authorized under the laws of Canada or a province to accept deposits from the public and that carries on the business of lending money on the security of real property or immovables, or investing in mortgages on real property or hypothecs on immovables.

24. If, at any time, the total of all amounts owing by a person to the CRA does not exceed \$2, these amounts are deemed to be nil.

25. If, at any time, the total of all amounts payable by the CRA to a person does not exceed \$2, the CRA will apply that total against any amount owing to the CRA by the person at that time. However, if the person does not owe any amount to the CRA, the total payable by the CRA is also deemed to be nil.

Interest

26. Under section 79.03, if a person fails to pay an amount to the Receiver General as and when required under the Act, the person must pay to the Receiver General interest on the amount. The interest will be compounded daily at the prescribed rate and computed for the period beginning on the first day after the day on which the amount was required to be paid and ending on the day on which the amount is paid.

27. If the person has not paid the interest computed for a particular day by the end of the following day, that interest is added to the unpaid amount outstanding at the end of the particular day.

28. If the CRA notifies a person that the person is required to pay a specified amount no later than by the date specified on the notice, and the person pays this amount in full by that date, interest is not payable on that amount for the period.

29. If, at any time, a person pays an amount not less than the total of all amounts, other than interest and penalty, for a reporting period and the total amount of interest and penalty payable for that reporting period is not more than \$25, the CRA may cancel the interest and penalty.

30. Interest will also be compounded daily at the prescribed rate on any amount payable by the CRA to a person. The interest will be computed for the period beginning on the first day after the day on which the amount should be paid and ending on the day on which the amount is paid or is applied against an amount owed by the person to the CRA, unless the Act provides otherwise.

31. For the prescribed rates of interest, visit the CRA Web page at www.cra.gc.ca/interestrates.

Penalties

32. Licensees who fail to file an excise tax return or who file a tax return late may be subject to penalties. Moreover, criminal charges may be filed against persons that fail to apply for an excise tax licence or who file false returns.

Enquiries

For a ruling or interpretation or to make a technical enquiry, contact the Excise Taxes and Other Levies Unit at the following address:

Excise Duties and Taxes Division
Excise and GST/HST Rulings Directorate
Canada Revenue Agency
Place de Ville, Tower A
320 Queen Street, 20th floor
Ottawa, ON K1A 0L5

All Excise Taxes and Special Levies Memoranda are available on the CRA Web site at www.cra.gc.ca/etsl.