

Ministry of Finance

Tax Bulletin



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Bulletin TTA 003

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Tobacco Retailers

Tobacco Tax Act

Do you sell tobacco products?

Do you need to know how tobacco tax applies to your retail business?

In British Columbia, tobacco tax applies to cigarettes and other tobacco products you sell at retail. Tobacco products include cigarettes, loose (fine cut) tobacco, tobacco sticks, cigars, pipe tobacco, chewing tobacco, snuff, raw leaf tobacco and other products that contain tobacco in any form.

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Registration and Permits

Retailers

If you intend to sell tobacco products at retail, you must hold a valid *Tobacco Retail Authorization (TRA)* certificate. To apply for a TRA certificate, you need to complete an *Application for Authorization* form ([FIN 254](#)).

The TRA certificate is not transferable and you must display a separate certificate with a unique permit number at each location where you sell tobacco at retail. The TRA certificate only allows you to sell tobacco products to retail customers.

The TRA certificate does not allow you to sell tobacco products to:

- wholesalers,

- other retailers, or
- anyone who intends to resell the tobacco products.

You may not sell tobacco products from any location where:

- a TRA certificate was previously suspended or cancelled, and
- your relationship to the person whose TRA certificate was suspended or cancelled is not at arm's length.

You must first obtain written authorization from the ministry if you intend to sell tobacco products from such a location.

Exempt Sale Retailers

If you intend to sell tax-exempt tobacco products in British Columbia, you must hold a valid Exempt Sale Retail Dealer (ESRD) permit issued by the ministry. You apply for this permit by completing an *Application for Registration as an Exempt Sale Retail Dealer (ESRD) and/or Exempt Fuel Retailer (EFR)* form ([FIN 262](#)).

If you are an ESRD who sells or intends to sell **taxable** tobacco products, you need a valid TRA certificate, with a unique permit number assigned to each location where you sell tobacco at retail.

For more information on obtaining an ESRD permit and selling tax-exempt tobacco, please see [Bulletin TTA 001](#), *Exempt Sales Made by Retail Dealers (ESRDs)*.

Sales

Taxable Sales

In British Columbia, you must purchase tobacco products from a registered wholesale dealer. A registered wholesale dealer is a dealer who holds a wholesaler permit issued by the ministry. Your wholesale purchase price includes a security amount, which is equal to the tobacco tax due on your retail sales. The selling price of your tobacco products will include this security amount. You do not remit any tobacco tax to the ministry because the registered wholesale dealer is responsible for remitting an amount equal to the tax you collect on your retail sales.

If you purchase tobacco products from a supplier other than a registered wholesale dealer, you need to calculate, charge and remit the tobacco tax due on these tobacco sales. This is because the supplier will not have remitted an amount equal to the tobacco tax due on your retail sales. You must remit this tobacco tax to the ministry within 20 days of the retail sale of the tobacco products by completing a *Collector's*

Return form ([FIN 125](#)). If you do not remit the tobacco tax due, an assessment equal to the amount of tax plus interest may be imposed.

For detailed information on current tobacco tax rates, please see [Bulletin TTA 005](#), *Tobacco Tax Rates*.

Tobacco products you purchase from a supplier other than a registered wholesale dealer and offer for sale to your customers must bear a unique stamp. You must apply in writing for authorization to stamp such tobacco products for retail sale and to obtain a supply of stamps. For more information on the marking requirements for such tobacco products, please see the section Requirements for Retailers in [Bulletin TTA 006](#), *British Columbia's Tobacco Marking Program*.

Tax-Exempt Sales

In British Columbia, an ESRD may sell tax-exempt tobacco products only to people eligible for the exemption, such as qualifying status Indians purchasing on a reserve, or members of the consular or diplomatic corps.

For detailed information on eligibility for tax exemption, please see [Bulletin TTA 001](#), *Exempt Sales Made by Retail Dealers (ESRDs)*, and [Bulletin GEN 007](#), *Exemption for Members of the Diplomatic and Consular Corps*.

Cigarettes, loose (fine cut) tobacco and tobacco sticks intended for tax-exempt sale in the province must bear the federal government's black stock stamp. The black stock stamp indicates that no provincial tobacco tax has been collected on these tobacco products.

Tax-exempt cigars, pipe tobacco, chewing tobacco, snuff and raw leaf tobacco are not marked with the federal government's black stock stamp. However, an ESRD may sell these tobacco products to people eligible for the exemption.

For detailed information on how tobacco marking regulates the purchase and sale of taxable and tax-exempt tobacco products, please see [Bulletin TTA 006](#), *British Columbia's Tobacco Marking Program*.

Purchases

Taxable Purchases

You need to purchase taxable tobacco products from a registered wholesale dealer. Effective June 1, 2008, you will need to present a valid TRA certificate to purchase tobacco products from a registered wholesale dealer. If you are not sure if a dealer is a registered wholesale dealer, please [contact us](#).

If you intend to purchase tobacco products from anyone other than a registered wholesale dealer, you must first obtain written authorization from the ministry. You are then responsible to report these tobacco purchases to the ministry. You must also remit all the taxes you collect on the tobacco you sell to your customers.

Non-Taxable Purchases

If you are an ESRD, you may only purchase tax-exempt tobacco products from a registered wholesale dealer who is authorized to sell black stock tobacco.

Refunds Due to Theft

If your tobacco stock for retail sale is stolen, you may claim a refund from the ministry of the tobacco taxes you paid on your stock. You apply for a refund by sending us a completed *Application for Refund of Tobacco Tax Paid on Products Lost Due to Theft* form (**FIN 371**). Your refund claim must include supporting documents, such as original purchase receipts and the police report. The ministry does not provide a refund of less than \$10.

Need more info?

Tobacco website: www.sbr.gov.bc.ca/business/Consumer_Taxes/Tobacco_Tax/tobacco_tax.htm

Toll free in Canada: 1 877 388-4440

E-mail: CTBTaxQuestions@gov.bc.ca

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation. The *Tobacco Tax Act* and Regulations are on our website at www.sbr.gov.bc.ca/business/Consumer_Taxes/Tobacco_Tax/bulletins-leg-notices.htm

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References: *Tobacco Tax Act*, Sections 2, 5, 6, 12, 16, 18, 19, 46 and 57, and Regulations 1, 2, 3, 6, 6.3, 8, 9(1), 9(4), 11(1), 11(4), 11(10), 11(11), 12(1), 12(2), 16, 23, 24, 28, 30(1) and 30(2)