



Excise Duty Notice

Under the *Excise Act, 2001*

EDN22

August 2008

Excise Duty Returns and Refunds – Additional Instructions

The information in this notice is provided for your reference and convenience and does not replace the law found in the *Excise Act, 2001*, or its regulations. As the information in this publication may not completely address your particular operation, you may wish to refer to the *Excise Act, 2001*, or its regulations, or contact your regional excise duty office for additional information.

Instructions for licensees

These instructions are for licensees that report manufactured tobacco and tobacco products, not including cigarettes and tobacco sticks, on the following excise duty forms:

- *General Application for Refund of Excise Duty under the Excise Act, 2001* (B256)
- *Excise Duty Return - Duty Free Shop* (B261)
- *Excise Duty Return – Excise Warehouse Licensee* (B262)
- *Excise Duty Return – Special Excise Warehouse Licensee* (B264)
- *Excise Duty Return – Tobacco Licensee* (B267)
- *Excise Duty Return – Non-Licensee* (B270)
- *Refund Claim on Exported Tobacco Products under the Excise Act, 2001* (E681)
- *Tobacco Products Export Form* (E60)

Instructions for new reporting requirements

The purpose of these instructions is to advise that, effective July 1, 2008, there has been a change in the reporting requirements for manufactured tobacco and tobacco products, not including cigarettes and tobacco sticks.

Royal Assent was given on June 18, 2008, to amendments to the *Excise Act, 2001*. Effective July 1, 2008:

- There are new excise duty rates for manufactured tobacco and tobacco products, not including cigarettes and tobacco sticks, packaged after June 30, 2008.
- There is a change to the manner in which duty and special duty are applied to tobacco products packaged after June 30, 2008, except for exports of manufactured tobacco and tobacco products, not including cigarettes and tobacco sticks, not exceeding 1.5% of the total quantity of that category that a licensee manufactured in the preceding calendar year.
- Manufactured tobacco packaged after June 30, 2008, will now be subject to duty and special duty, as applicable, on the basis of each 50 gram increment or fraction of 50 grams contained in any package, except for exports of manufactured tobacco and tobacco products, not including cigarettes and tobacco sticks, not exceeding 1.5%. This is a change from the previous reporting requirements of kilograms.

La version française de la présente publication est intitulée *Déclarations et remboursements des droits d'accise – Directives supplémentaires*.



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During the implementation period, if licensees have to report both kilograms and 50 gram increments on the same line of a form, they are requested to call their regional excise duty office for further instructions.

The revised duty and special duty rates for manufactured tobacco and tobacco products, not including cigarettes and tobacco sticks, can be found in Excise Duty Notice EDN21, *Enhancements to Tobacco Compliance and Changes to Duty and Special Duty on Certain Tobacco Products*.

Please contact your regional excise duty office if you have questions or require additional information regarding these instructions or Excise Duty Notice EDN21.

Example

As the forms listed on page 1 will require that licensees report the number of units for purposes of calculating the excise duty and special duty on manufactured tobacco and tobacco products, not including cigarettes and tobacco sticks, the following is offered as one method for determining how many units of 50 gram increments or fraction thereof are to be reported.

Determine the number of units for each package size:

Take the individual package size of the manufactured tobacco or tobacco product and divide by 50 grams. The answer should then be rounded up to the nearest whole number. Examples are as follows:

- 15 gram package/ 50g = 0.3 (This rounded up to the nearest whole number is 1 unit per package.)
- 50 gram package/ 50g = 1 (This is 1 unit per package.)
- 55 gram package/ 50g = 1.1 (This rounded up to the nearest whole number is 2 units per package.)

Determine the duty payable:

Once the number of units has been determined for each package size, multiply the units by the number of individual packages to derive the total units, and then report the total units on the applicable code line number on the appropriate return.

The duty payable for 100 packages of each size would be as follows:

Table 1

Size	# of units per package	Total units	Duty rate/unit*	Duty payable
15g	1	(100*1) = 100	\$2.8925	\$ 289.25
50g	1	(100*1) = 100	\$2.8925	\$ 289.25
55g	2	(100*2) = 200	\$2.8925	\$ 578.50
Total units and duty payable		400 units		\$1,157.00

* In this example, the duty rate of \$2.8925 applies to stamped manufactured tobacco manufactured in Canada and imported stamped manufactured tobacco.

Excise duty returns

Form number and name	Page	Code line numbers
B256 <i>General Application for Refund of Excise Duty Under the Excise Act, 2001</i>	Page 2	The unit of measure in the "Quantity" column for "Other manufactured tobacco" packaged after June 30, 2008, must now be expressed in units of 50g or fraction thereof for code line numbers 49574, 49579, 49599 and 49592. For "Special Duty – Unstamped Canadian Manufactured Tobacco Exports < 1.5%", code line number 49582, the "Quantity" column remains in Kg.
B261 <i>Excise Duty Return - Duty Free Shop</i>	Page 1	The unit of measure in the "Quantity" column for "Manufactured tobacco" must now be expressed in units of 50g or fraction thereof for code line number 49565.
B262 <i>Excise Duty Return - Excise Warehouse Licensee</i>	Page 5	The unit of measure in the "Manufactured tobacco (other than cigarettes & tobacco sticks)" column must now be expressed in units of 50g or fraction thereof.
B264 <i>Excise Duty Return - Special Excise Warehouse Licensee</i>	Page 1	The unit of measure in the "Manufactured tobacco (other than cigarettes & tobacco sticks)" column must now be expressed in units of 50g or fraction thereof.
B267 <i>Excise Duty Return - Tobacco Licensee</i>	Page 1	The unit of measure in the "Units" column for "Other manufactured tobacco" must now be expressed in units of 50g or fraction thereof for code line numbers 49522, 49528 and 49537. For "Exports not exceeding 1.5% - Special duty", code line number 49562, the "Units" column remains in Kg.
B270 <i>Excise Duty Return – Non-Licensee</i>	Page 1	The unit of measure in the "Quantity" column for product descriptions "domestic other manufactured tobacco", code line number 49522, and "other manufactured tobacco for exports exceeding 1.5% (special duty)", code line number 49537, must now be expressed in units of 50g or fraction thereof.
E681 <i>Refund Claim on Exported Tobacco Products under the Excise Act, 2001</i>	Page 2	For "Manufactured tobacco" reported on the line "Total weight of manufactured tobacco", the unit of measure must now be expressed in units of 50g or fraction thereof.
E60 <i>Tobacco Products Export Form</i>	Page 1	For manufactured tobacco (other than cigarettes and tobacco sticks) being reported in the "Description of Goods" column, the unit of measure for the "Quantity" column must now be expressed in units of 50g or fraction thereof.

All technical publications related to the *Excise Act, 2001* and regulations are available on the CRA Web site at www.cra.gc.ca/exciseduty.