

Notice to BC Wholesale Dealers

New Tobacco Tax Rates

Tobacco Tax Act

With the re-implementation of the PST, the provincial portion of the HST on tobacco products will be eliminated. To offset this reduction, tobacco tax rates will be adjusted to generally keep the overall tax on tobacco constant. Effective April 1, 2013, the tobacco tax rates will increase to:

- \$42.60 per carton of 200 cigarettes from \$37.00 (the increase of \$5.60 per carton equals 56¢ per package of 20 cigarettes)
- 21.3¢ per gram of loose tobacco from 18.5¢
- 90.5% of the taxable price of a cigar from 77%, to a maximum of \$7 per cigar from \$6

If you hold a Wholesale Dealer's Permit, you are required to take an inventory of the unsold tobacco products (other than black stock) you hold in BC as of midnight on March 31, 2013. You must report your inventory to the ministry and remit the difference between the security you paid when you purchased the tobacco and the tax you will be required to collect on the tobacco you sell on or after April 1, 2013.

Inventory Count Requirements

You must complete and submit the attached *Wholesale Dealer's Inventory Return* form ([FIN 227](#)). Your return must:

- show the amount of unsold tobacco inventory (including unsaleable product not returned to the manufacturer, but excluding black stock tobacco held for resale to Exempt Sale Retail Dealers),
- show the amount of security due,
- be reconciled to the inventory as recorded in your books of account, and
- be signed by an authorized officer certifying the information is correct.

You are required to keep supporting documentation, including a copy of the inventory return, for audit purposes.

Payments

Your completed *Wholesale Dealer's Inventory Return* and payment in the amount equal to the security due must be received by the Ministry of Finance **on or before April 30, 2013**. You are required to submit the return even if no additional amounts are due. Your payment is payable to the Minister of Finance.

You are required to pay a security equal to the new tax rate on any tobacco received by you in BC on or after April 1, 2013, regardless of the invoice date.

Your deductions for tobacco returned to manufacturers must include supporting documentation showing the initial rate of security paid. Refund claims must also be supported by documentation that verifies the initial security paid. For more detailed information, please see [Bulletin TTA 004](#), *Wholesale Dealers, Security Payments, Exemptions and Refunds*.

Further Information

If you have any questions, please call us toll free at 1 877 388-4440 or email your questions to CTBTaxQuestions@gov.bc.ca

You can also find information on our website at gov.bc.ca/consumertaxes under **Tobacco Tax**.

The information in this notice is for your convenience and guidance and is not a replacement for the legislation. You can find the *Tobacco Tax Act* and regulations on our website (go to **Tobacco Tax** and then **Forms and Publications**).