

TTN: 132

June 2020

## TOBACCO TAX RATE CHANGES

### Introduction

Tobacco tax rate changes are being proposed in an amendment to the *Tobacco Tax Act* in the current sitting of the legislature. The tobacco tax rate changes will be effective at 12:01 a.m. on the day following the date that the *Tobacco Tax Act* amendments are proclaimed. The tax rate changes will apply to cigarettes, tobacco sticks, cigars and bulk tobacco pursuant to the [Tobacco Tax Act](#) R.S.P.E.I. 1988, Cap. T-3.11.

Please monitor [www.princeedwardisland.ca/Tobacco Tax Rate Changes 2020](http://www.princeedwardisland.ca/Tobacco_Tax_Rate_Changes_2020). As soon as the Act is proclaimed, the effective date of the tobacco tax rate changes will be posted here. We will also contact via email all those retailers and wholesalers who request email notification through [taxandland@gov.pe.ca](mailto:taxandland@gov.pe.ca) as soon as the proclamation date is known.

The following rates come into effect at 12:01 a.m. following the day the Act is proclaimed:

- (A) The tax on **cigarettes** is changed to 27.52 cents per cigarette from 25.00 cents per cigarette.
- (B) The tax on **tobacco sticks** is changed to 27.52 cents per stick from 25.00 cents per stick.
- (C) The tax on **cigars** is changed to 75.00% of the retail price from 71.60% of the retail price.
- (D) The tax on **all tobacco products other than cigarettes, cigars and tobacco sticks** is changed to 27.52 cents per gram from 21.50 cents per gram.

### Reporting requirements - Retailers

- Tobacco retailers are required to calculate and report the additional tobacco tax due on their tobacco inventory on-hand, at 12:01 a.m. on the day following the date on which the Act is proclaimed. This will include all cigarettes, tobacco sticks, fine cut tobacco, cigars and other tobacco products under the control of the retailer and includes inventory in store display areas, store rooms and any other location where tobacco products are stored.
- Tobacco retailers should refer to tobacco tax notice [TTN:133](#) for additional instructions.
- A "[Tobacco Tax Self-declaration](#)" form is attached to this notice for your convenience.

## **Reporting requirements - Wholesalers**

- Tobacco wholesalers are required to collect the new rates of tax on all sales and deliveries effective 12:01 a.m. on the day following the date on which the *Act* is proclaimed. If a wholesaler has invoiced the old rate of tax for sales or deliveries after that time, the wholesaler is required to issue an adjusting invoice for the additional tax
- Tobacco wholesalers, who maintain tax paid inventories, are required to calculate and report the additional tobacco tax due on their inventory on-hand, at 12:01 a.m. on the day following the date on which the Act is proclaimed.
- Tobacco wholesalers should refer to tobacco tax notice [TTN:134](#) for additional instructions.
- A "[Tobacco Tax Self-declaration](#)" form is attached to this notice for your convenience.
- Tobacco wholesalers are also encouraged to share this information with any of their retailers on Prince Edward Island that may not be aware of the pending tobacco tax rate change.

### **Further Information:**

For copies of the [Tobacco Tax Act](#), [Revenue Administration Act](#) and [Regulations](#) or for any inquiries regarding this Tobacco Tax Notice please contact:

Taxation and Property Records Division  
Department of Finance  
PO Box 1150  
Charlottetown, PE  
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