

Canada Revenue Agency Notice

ET/SL-0055

December 7, 2005

NOTICE TO ALL LICENSED JEWELLERY MANUFACTURERS AND WHOLESALEERS UNDER THE *EXCISE TAX ACT*, AND TO IMPORTERS

CHANGES TO THE EXCISE TAX ON CLOCKS AND WATCHES

On November 25, 2005, Bill C-259, an Act to amend the *Excise Tax Act* (elimination of the excise tax on jewellery), received Royal Assent and became law.

Bill C-259 amended the wording of section 5 of Schedule I to the *Excise Tax Act*, and had the following immediate impacts on the administration of the excise tax:

- The excise tax on clocks adapted for household or personal use, except those specially designed for the use of the blind, increased to 10% of the amount by which the sale price or duty-paid value exceeds fifty dollars, effective November 25, 2005.
- The rate reduction schedule for clocks is eliminated.
- The excise tax on all watches is eliminated, effective November 25, 2005.

The government will implement the provisions of Bill C-259, with the excise tax on clocks and watches applying, as described above.

The existing provisions of the *Excise Tax Act* contained in sections 5.1* and 5.2* of Schedule I remain in force, along with the previously announced rate reduction schedules (applying to articles made of semi-precious stones, jewellery, precious and semi-precious stones and goldsmiths' and silversmiths' products). The schedules and the rates are set out below:

Effective Date	Reduced From	Reduced To
12:01a.m. March 1, 2006	8%	6%
12:01a.m. March 1, 2007	6%	4%
12:01a.m. March 1, 2008	4%	2%
12:01a.m. March 1, 2009	2%	0%

La version française de ce document est intitulée *Avis à tous les fabricants de bijoux et grossistes titulaires de licence en vertu de la Loi sur la taxe d'accise et à tous les importateurs.*

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Finally, as set out in the existing legislation, the excise tax on clocks, articles made of semi-precious stones, jewellery, precious and semi-precious stones and goldsmiths' and silversmiths' products will be eliminated on March 1, 2009. In this regard, all licensed manufacturers and wholesalers of jewellery will be provided with further information regarding the eventual cancellation of their excise tax licences early in 2009.

- * To see a detailed listing of products covered under sections 5.1 and 5.2 of Schedule I of the *Excise Tax Act*, you can visit the Web site for Bill C-43, which amended the Act in June of this year:
<http://www.parl.gc.ca/LEGISINFO/index.asp?Lang=E&Chamber=N&StartList=A&EndList=Z&Session=13&Type=0&Scope=I&query=4397&List=toc-1>

For further information, please consult the Canada Revenue Agency website at <http://www.cra-arc.gc.ca/menu-e.html>, or call the appropriate Excise Tax Information Line.

National Line: 1-866-330-3304 (Toll-Free Service in English) or
1-800-877-9277 (Toll-Free Service in French);

Quebec Region Excise Tax Line: 1-800-877-9277 (Toll-Free Service in French);

Northern Ontario Region (Serving Ottawa and Northern Ontario areas)
1-613-998-9305 (Collect calls accepted).