

# Excise Duty Notice

Under the *Excise Act, 2001*

May 2006

## Excise Duty Exemption on 100% Canadian Wine

**Please note that some of the information in this notice is no longer valid. Please refer to Notice EDN15 for up-to-date information.**

On Tuesday, May 2, 2006, the Minister of Finance tabled a Notice of Ways and Means Motion to provide an exemption of the excise duty imposed on wine that is made from 100% Canadian-grown agricultural products.

Excise duty is imposed on wine that is produced in Canada and is payable at the time of packaging by the responsible wine licensee unless it is entered into an excise warehouse immediately after packaging or is relieved of the excise duty. Effective July 1, 2006, wine that qualifies for this exemption should not be entered into an excise warehouse.

The exemption will apply to wine, as defined in section 2 of the *Excise Act, 2001* (including cider, wine coolers, fruit wines and sake), packaged on or after July 1, 2006. Specifically, it applies to the first 500,000 litres of wine that are made from 100% Canadian-grown agricultural products (e.g., grapes, berries and other fruits) in each fiscal year. The exemption threshold limit will be calculated based on the fiscal year of the wine licensee and will be pro-rated for the current fiscal year.

Wine licensees claiming this exemption must maintain adequate books and records to substantiate their calculations. These records may include, but are not limited to, maintaining production records sufficient to trace the raw materials and resultant wine to the package (e.g., blend sheets), maintaining inventory records of exempt and dutiable products, and maintaining records of transactions between the licensee and its raw material source(s) and other licensees (e.g., shipping documents, invoices).

Form B265, *Excise Duty Return* and Excise Duty Memorandum EDM 10.1.6, *Completing an Excise Duty Return – Wine Licensee* will be amended to reflect this change. These will be made available to licensees prior to the first reporting period after July 1, 2006.

For more information on this subject, contact your nearest regional excise duty office. A list of regional excise duty offices is available in Excise Duty Memorandum 1.1.2, *Regional Excise Duty Offices* on CRA's Web site at [www.cra-arc.gc.ca/menu/EXMS-e.html](http://www.cra-arc.gc.ca/menu/EXMS-e.html).

EDN 11

  
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**Pour vous servir encore mieux !**



Canada Revenue  
Agency

Agence du revenu  
du Canada

La version française de ce document est intitulée  
*Exonération des droits d'accise sur le vin fabriqué  
entièrement de produits cultivés au Canada.*



## **Excise Duty Exemption on 100% Canadian Wine**

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This excise duty notice does not replace the law found in the *Excise Act, 2001* and its regulations. It is provided for convenience and reference purposes only. Since it may not completely address your particular operation, you may wish to refer to the budget documents available on the Department of Finance's Web site at [www.fin.gc.ca/access/budinfoe.html](http://www.fin.gc.ca/access/budinfoe.html), or contact your regional excise duty office for additional information.