

# Excise Duty Notice

Under the *Excise Act, 2001*

May 2006

## Tobacco Products Inventory Tax

On Tuesday, May 2, 2006, the Minister of Finance tabled a Notice of Ways and Means Motion which amends the *Excise Act, 2001* to introduce a tax on excise duty paid tobacco products held in inventory. These tobacco products display “Canada Duty Paid Droit Acquitté Canada” on the tear tape or stamp.

On July 1, 2006, all persons who own tobacco products to be offered for sale must determine their inventories and those with more than 30,000 units are required to complete and file form B273, *Excise Return – Tobacco Products Inventory Tax* on or before August 31, 2006. Inventory must be determined in a fair and reasonable manner as supported by appropriate books and records.

Certain retailers who do not hold more than 30,000 units of these tobacco products in a separate retail establishment are exempt of the requirement to file form B273, and are not liable for the tobacco products inventory tax. A unit means one cigarette, one tobacco stick, one gram of loose tobacco for making cigarettes, or one cigar. For example, if an inventory were made up entirely of cigarettes, the above unit threshold would be 150 cartons. In addition, the tax will not apply to tobacco products held in vending machines.

The Canada Revenue Agency will mail an information package and the excise return form to persons identified as having tobacco products for sale. If you do not receive the information package or the form, you may contact your regional excise duty office to obtain a copy. 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).

The completed form B273, *Excise Return – Tobacco Products Inventory Tax* and payment are both due on or before August 31, 2006.

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 website 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.

EDN 10



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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 *Taxe sur les stocks de produits du tabac*.

**Canada**