

# News Release

## The Canada Revenue Agency Strengthens its Measures to Prevent the Sale of Illegal Tobacco Products

Montréal, Quebec, September 27, 2005... The Canada Revenue Agency (CRA), in cooperation with the Royal Canadian Mounted Police (RCMP) and Revenu Québec, is pleased to launch an awareness campaign on the effects of the sale of illegal tobacco products. This campaign, targeting all tobacco merchants and retailers in Quebec, reflects the federal government's desire to combat non-compliance with tobacco-related tax legislation.

"Tobacco contraband activities result in a major loss in revenue, both federally and provincially, and compromise fiscal integrity and government initiatives" according to John McCallum, Minister of National Revenue.

In addition, in order to enhance CRA's ability to ensure compliance with federal tobacco legislation, the February 2005 federal budget allocated eight million dollars to the CRA over five years. These resources will be used to implement key initiatives at three different stages of the tobacco production and distribution system: enhancements to the stamping and marking regime for manufactured tobacco products, increased audit activities for tobacco manufacturers, and increased monitoring and tracking of raw leaf tobacco.

The CRA is responsible for enforcement of the *Excise Act, 2001* and its Regulations. Among other things, its mandate consists of issuing licences to tobacco manufacturers and monitoring the production cycle and payment of excise taxes during product manufacturing.

Canadian tobacco products destined for the Canadian market are required to be stamped. Most stamping takes the form of a tear tape seen on cigarette packages and serves as an indication that the Excise duty has been paid. This tear tape also incorporates provincial requirements, including the use of province-specific colours.

"The fight against contraband tobacco is an ongoing process and we will continue to seek ways to combat contraband," concluded the Minister, "while we continue to cooperate with the Royal Canadian Mounted Police and our provincial partners."

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