



Excise Taxes and Special Levies Memoranda Series

6.2 Returns and Payments

September 1997

Overview	This section outlines the procedures and requirements under the <i>Excise Tax Act</i> and Regulations for the filing of returns and the payment of taxes by persons licensed under the <i>Excise Tax Act</i> . Licensed air carriers should refer to Chapter 5, <i>Air Transportation Tax</i> , for information relating to their filing of returns and payment of taxes.
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Note This section of Chapter 6 supersedes paragraphs 15 to 17 of GST Memorandum 800-1, *Excise Taxes*. Due to the number of revisions, the changes have not been side-barred.

Liability to make a tax return and to pay excise taxes

General

Returns and payment of excise tax s 78

1. Every person who is licensed under the Act is required to make a tax return covering the taxable sales for each month or other authorized filing period and to pay the excise taxes applicable to these sales. It is important to note that the due dates for the filing of returns differ from the due dates for the payment of taxes.

Nil returns ss 78(2)

2. If no amounts have been collected or are collectible in the last preceding month or other filing period, a nil return shall be filed.

Return and remittance forms

Excise tax return - Form B 200

3. Form B 200, *Tax Return - Excise Tax Act*, is the prescribed form to be used to make excise tax payments. Appendix A to this section has a sample of this form which is available from any Revenue Canada tax services office.

Excise remittance - Form B 140

4. The Excise Remittance, form B 140, should be used for making a payment at a financial institution or to the Special Levies Division (ECS), Summerside Tax Centre, 275 Pope Road, Summerside, P.E.I., C1N 5Z7. The remittance form is not necessary when a payment is enclosed with a tax return filed by mail or hand delivered. Appendix B to this section has a sample of this form which is available from any Revenue Canada tax services office.

6.2 Returns and Payments (continued)

Alternative periods for making returns

- Accounting periods 5. A licensee may request permission to make tax returns based on accounting periods instead of calendar months. The following rules apply:
- Number of periods ss 78(3) (a) each calendar year should contain no less than 12 periods and no more than 13 periods;
 - Number of days ss 78(3) (b) each period should contain no less than 21 days and no more than 35 days;
 - Permission to use accounting periods (c) permission to use accounting periods should be requested in writing and the request should be signed by an authorized officer of the company. The request should include the list of the periods for the coming year, and be sent to:

Special Levies Division (ECS)
Summerside Tax Centre
275 Pope Road
Summerside, PEI
C1N 5Z7
 - When valid (d) accounting periods should not be used until written confirmation of their acceptance is received from Revenue Canada (The approval is valid for one year only.); and
 - Renewal of permission (e) each year, the licensee is required to renew its request by submitting to Revenue Canada, at least 90 days before year-end, the list of the periods for the next year. This written request should be signed by an authorized officer of the company.
- Quarterly filers ss 78(3) and para 78(4)(c) 6. Licensees may request permission to file tax returns on a quarterly basis for the calendar quarters ending March 31, June 30, September 30, and December 31, provided the licensee had no more than \$4,800 total tax payable in the last calendar year. Each quarterly return must be filed no later than the last day of the month following the end of each quarter. For example, for the calendar quarter ending March 31, the tax return is due April 30.
- Semi-annual filers ss 78(3) 7. Licensees may request permission to file their tax returns on a semi-annual basis for the calendar halves ending June 30 and December 31, provided the licensee had no tax payable in the preceding calendar year. Each six-month return is required to be filed by no later than the last day of the month following the end of the six-month period. For example, the tax return for the period from January 1 to June 30 is due July 31.
- Seasonal filers paras 78(3)(c) and 78(4)(c) 8. Licensees having predominantly seasonal operations may request permission to file monthly returns during the busy season and a single nil return for a period up to six months during the slow period. The amounts collected or collectible by the licensee for the equivalent slow period in the last preceding calendar year must not have exceeded an average of \$400 per month. Each return is required to be filed by no later than the last day of the month following the end of the period covered by the return.

6.2 Returns and Payments (continued)

When to file an excise tax return

- Due date ss 78(4) 9. The tax return is due on the last day of the month immediately following the period end. For example, a monthly filer's tax return for the period ending March 31 will be due April 30.
- Accounting period filers para 78(4)(b) 10. For licensees filing according to accounting periods, the tax return is due the last day of the following accounting period. For example, if a licensee has accounting periods ending June 27 and July 25, the tax return for the period ending June 27 would be due July 25.

Where to file an excise tax return

11. There are two options available to licensees for filing their tax returns:
- Regular mail (a) the tax return may be filed by regular mail, using the enclosed self-addressed envelope, and sent to:

Special Levies Division (ECS)
Summerside Tax Centre
275 Pope Road
Summerside, PEI
C1N 5Z7
 - Hand delivery or courier ss 79.2(2) (b) the tax return may be either hand delivered, mailed or sent by courier to any Revenue Canada tax services office across Canada. If the due date falls on a weekend or public holiday, the due date is the last preceding business day.
- NOT accepted 12. Canadian financial institutions accept excise tax remittances only. They do not accept excise tax returns.
- Penalties 13. Several sections of the *Excise Tax Act* enable the Minister of National Revenue to prosecute licensees either for failure to file or late filing of a tax return. Moreover, criminal charges may be filed against licensees that fail to apply for an excise tax licence or file false tax returns.

Remitting excise taxes

- General rules ss 79.2(4) 14. Taxes due to the Receiver General for Canada must be **in the hands of** the Receiver General or his agent by the due date. That means that a payment is considered to be received only when it is received by the Receiver General or one of his agents such as a financial institution. Therefore, neither the postmark date nor the date that the payment is given to a courier are accepted as the date of payment.

6.2 Returns and Payments (continued)

Expiration of time on a holiday
ss 79.2(2)

15. If the due date falls on a weekend or public holiday, the due date is the **last preceding** business day. For example, if a payment is due on Easter Monday, it will become payable on the preceding Thursday, since Good Friday, Saturdays and Sundays are also holidays. For easy reference, the exact due dates of both the instalment payment(s) and the final payment are printed in box 1 of the excise tax return (form B 200).

16. Federal statutes require that any money payable to the Receiver General for Canada is payable in **Canadian dollars**. Taxes collected in foreign currency should be converted to Canadian dollars, using either a Canadian chartered bank exchange rate or the Bank of Canada exchange rate.

17. Either the postmark or, in the case of a return hand delivered or sent by courier, the Revenue Canada office's "date received" stamp will be deemed to be the filing date of the tax return.

Large taxpayers vs regular taxpayers

Regular taxpayers

18. Any licensee that does not fall under the definition of a "large taxpayer" is referred to as a "regular taxpayer".

• Payments

19. A regular taxpayer is required to make one instalment payment and, if necessary, an adjusting payment when the tax return is due.

Large taxpayer
para 79.1(1)(b)

20. A licensee is a "large taxpayer" at any particular time if the aggregate amount of excise taxes payable, under Parts III, IV and VI, in the last calendar year exceeds \$12,000,000, or if the licensee was a member of a group of associated corporations (within the meaning of section 256 of the *Income Tax Act*) and the aggregate amount of taxes payable by the group exceeded \$12,000,000 in the last calendar year.

• Payments

21. A large taxpayer is required to make two instalment payments and, if necessary, an adjusting payment when the tax return is due.

Instalment base

Definition
para 79.1(1)(a)

22. The instalment base is defined as the lesser of

- an amount equal to tax payable in the month or accounting period;
- an amount equal to tax payable in the last preceding month or accounting period.

Instalment by regular taxpayers
para 79.1(3)(a)

23. The regular taxpayer shall pay one instalment, equal to the instalment base for the month in which the tax became payable or the sales were made, to be paid no later than the 21st day of the following month. If the due date is not a business day, the payment is due on the last preceding business day.

6.2 Returns and Payments (continued)

Instalment by large taxpayers
ss 79.1(2)

24. The large taxpayer shall pay two instalments, each equal to one-half of the instalment base for the month in which the tax became payable or the sales were made, the first instalment to be paid no later than the last day of that month and the second instalment no later than the 15th day of the next following month. If the due date is not a business day, the payment is due on the last preceding business day.

Due dates

Regular taxpayers
paras 79.1(3)(a) and 78(4)(a)

25. For regular taxpayers, the instalment payment, which is equal to the instalment base, is due the 21st day of the month immediately following the period. The adjusting payment, if applicable, is due the last day of that month. For example, for the period ending March 31, the instalment payment is due April 21, while the adjusting payment, if applicable, is due April 30.

Large taxpayers
paras 79.1(2)(a) and 78(4)(a)

26. For large taxpayers, the first instalment, which is equal to one-half of the instalment base, is due the last day of the current month. The second instalment, which is also equal to one-half of the instalment base, is due the 15th of the following month. The adjusting payment, if applicable, is due the last day of that month. For example, for the period ending March 31, the first instalment is due March 31, the second instalment payment is due April 15, while the adjusting payment, if applicable, is due April 30.

Accounting period filers

27. The due dates for regular taxpayers and large taxpayers filing under accounting periods are as follows:

- Regular taxpayers
paras 79.1(3)(a) and 78(4)(b)

(a) for regular taxpayers, the instalment payment, which is equal to the instalment base, is due 21 days after the end of the period, while the adjusting payment, if applicable, is due on the last day of the following accounting period. For example, for a taxpayer whose accounting periods end March 21 and April 25, the instalment payment is due April 11, while the adjusting payment, if applicable, is due April 25;

- Large taxpayers
paras 79.1(2)(b) and 78(4)(b)

(b) for large taxpayers, the first instalment, which is equal to one-half of the instalment base, is due on the last day of the current period and the second instalment, also equal to one-half of the instalment base, is due 15 days later. The adjusting payment, if applicable, is due on the last day of the following accounting period. For example, for a taxpayer whose accounting periods end March 21 and April 25, the first instalment is due March 21 and the second instalment is due April 5. The adjusting payment, if applicable, is due April 25.

- Quarterly filers
paras 79.1(3)(c) and 78(4)(c)

28. For quarterly filers, an instalment payment, equal to the instalment base, is due the 21st day of the month immediately following the period, and the adjusting payment, if applicable, is due the last day of the same month. For example, for the period January 1 to March 31, the instalment payment is due April 21, while the adjusting payment, if applicable, is due April 30.

6.2 Returns and Payments (continued)

- Seasonal filers para 79.1(3)(c) 29. Seasonal filers are required to follow the same rules that apply to monthly filers during active months when taxable sales occur. Since no amounts become payable during the off-season, a nil return is required. Should an amount of tax become payable during that period, it will be due the last day of the month following the month in which the transaction giving rise to the tax liability occurred.
 - Semi-annual filers 30. A semi-annual filer should not have any taxes to pay. However, if a semi-annual filer does have tax to pay, there are two possibilities.
 - if the amount is not more than \$4,800 annually, the filing status will be changed to quarterly, and the payment should be made and the return filed in accordance with the quarterly rules.
 - if the amount is more than \$4,800 annually, the filing status will be changed to monthly, and the payment should be made and the return filed in accordance with the rules for monthly filers.
- Date of payment 31. In all cases, if the due date of the payment falls on a holiday or a weekend, the payment becomes due the preceding business day.

Where to make excise tax payments

Options

- Regular mail

32. Several options are available to licensees for paying the excise tax:
- (a) the excise tax payment may be sent by regular mail, using the enclosed addressed envelope, and sent to:

Special Levies Division (ECS)
Summerside Tax Centre
275 Pope Road
Summerside, PEI
C1N 5Z7

Sufficient lead time is required because the payment will be deemed to be received only when the payment has reached its destination.

- Hand delivery or courier

- (b) the excise tax payment may be either hand delivered, mailed or sent by courier to any Revenue Canada tax services office across Canada. The Revenue Canada cashier's stamp will be considered as indicating the date received. In this case, it is important for the licensee or its agent to ensure that either an official receipt is issued or the top part of the remittance form is date-stamped and given to the person making the payment.

Note: The decision to use a courier service or any other agent to pay the excise tax is a business decision, and is a contract between the licensee and the courier/agent. Should the courier/agent fail to deliver the payment on time, **the licensee** will be assessed penalty and interest. Any dispute between the licensee and the courier/agent is outside the scope of the Act.

6.2 Returns and Payments (continued)

- Financial institutions (c) Canadian financial institutions are agents of the Receiver General for Canada. Therefore, the date shown on the financial institution's teller stamp will be considered as the date received. In most cases, funds received on behalf of the Receiver General for Canada are credited electronically on the same day to the Receiver General's account and are dated accordingly.

After-hours payments usually bear the next day's date. It is the licensee's responsibility to ensure that its remitted payment to the bank bears the appropriate date. Since the financial institution's teller stamp will be considered as the date received, after-hours payments that bear the date following the due date will be assessed penalty and interest.

Overpayment

Instalment payment

33. From time to time, a licensee (usually a large taxpayer), may make an instalment payment based on the previous month's figures because the licensee does not yet know the precise amount of the current month's taxes. If the current month's figures are less than those for the previous month, an overpayment results.

Next payment

34. Should such a situation occur, the licensee is authorized to reduce the next payment by the amount of the overpayment.

Interest and penalty on late payments

Penalty and interest on default in paying taxes s 79

para 79.1(4)(a)

35. The interest and penalty application depends on when the instalment payment is due. This provision is illustrated below.

- Instalments due by large taxpayers at the end of the month or other accounting period attract penalty at 0.5% and interest at the prescribed rate. The interest rate is adjusted quarterly to reflect current market conditions.

6.2 Returns and Payments (continued)

- para 79.1(4)(b) • Instalment payments due by large taxpayers by the fifteenth of each month or other accounting period attract penalty at 0.25% and interest at one-half the prescribed rate.

- para 79.1(5) • Instalment payments due by regular taxpayers by the twenty-first of each month or other accounting period attract penalty at 0.1667% and interest at one-third the prescribed rate.

Appendix A

Form B 200, *Tax Return - Excise Tax Act*

Appendix B

Form B 140, *Excise Remittance*