

N-862

CUSTOMS NOTICE • AVIS DES DOUANES

Ottawa, March 21, 1994

Subject

Collection of Provincial Sales, Tobacco and Alcohol Taxes on Non-Commercial Importations

This Customs Notice provides information on the application of provincial sales, tobacco and alcohol taxes on all noncommercial goods imported by mail, commercial courier/carrier or by any other means.

Effective May 2, 1994, Customs will commence collecting provincial sales and tobacco taxes on behalf of the Province of Québec, and provincial sales, tobacco and alcohol taxes on behalf of the Province of Manitoba and the Province of New Brunswick.

APPLICATION

1. The provincial sales, tobacco and/or alcohol taxes will be assessed on non-commercial goods which are subject to the payment of GST and intended for consumption and released in the specified province. Where goods are GST exempt under current federal administrative policy (i.e., exemptions, remissions) the provincial sales, tobacco and/or alcohol taxes will not be collected.

2. Provinces have requested that certain commodities be exempt of the provincial taxes. It was agreed that provinces can choose to exempt up to three commodity groups involving books, footwear and/or clothing. The province of Québec has decided that only books will be exempt while the provinces of Manitoba and New Brunswick wish to exempt all three commodity groups. The definition of the exemptions by classification number can be found in Appendix A.

LEGISLATION

1. The Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act and a subsequent Order in Council, P.C. 1992-1268 dated June 11, 1992, provides the Minister of National Revenue, with the legal authority to enter into agreements with the provinces and territories with respect to the collection of provincial sales, tobacco and alcohol taxes.

2. Amendments have also been made to the respective Québec and Manitoba provincial acts to provide Customs with the legal authority to collect and remit the provincial sales, tobacco and alcohol taxes and to detain goods should the individual refuse to pay the applicable provincial sales, tobacco and/or alcohol taxes. It is anticipated that the legislation for New Brunswick will also be amended.

DEFINITION

Non-commercial goods are defined as goods for individual use not intended for resale, commercial, institutional, occupational or other like use.

Non-Commercial Goods Imported by Mail

1. Assessment of the applicable provincial sales tax and tobacco tax will be shown on the Customs Postal Import Form (E 14) for all non-commercial mail items destined into the provinces of Québec, Manitoba or New Brunswick.

Note: provincial alcohol tax will not be assessed on mail items as alcohol products for non-commercial use are prohibited by mail.

2. Payment of the provincial taxes, along with any federal duties and taxes, will be collected by the Canada Post Corporation upon delivery of the mail item to the importer.

Should the individual refuse to pay the provincial tax portion, Canada Post has the right to return the goods to the sender.

Non-Commercial Goods Imported by Commercial Carrier/Courier or by any Other Means.

1. To prevent delays in the release of non-commercial goods, Customs will authorize the importer or agent to account for the applicable provincial taxes under normal Customs practices.

Couriers/carriers and Customs Brokers who have release prior to payment privileges, and who wish to receive release of goods prior to payment of provincial sales, tobacco and/or alcohol taxes, may do so on the understanding that the provincial sales, tobacco and/or alcohol taxes will be remitted to Customs under their normal accounting procedures.

2. For those couriers/carriers and Customs Brokers who do not remit the provincial sales, tobacco and/or alcohol taxes at time of accounting, future casual shipments will not be released until payment of all provincial sales, tobacco and or alcohol taxes are made to Customs.

3. Casual importers acting on their own behalf will be required to present a cash entry including payment of the provincial sales, tobacco and/or alcohol taxes before release of the goods.

PAYMENT OF PROVINCIAL TAXES

1. Payments of the provincial sales, tobacco and/or alcohol taxes may be accounted for in the normal manner of accounting for federal duties and taxes, i.e., by means of LVS consolidated entry, CADEX transmission or a B 3 Canada Customs Coding Form.

The provincial sales, tobacco and alcohol taxes may be consolidated using separate classification lines for each different type of provincial tax. "Dummy" classification numbers have been designated for each province and for each type of provincial tax. See Appendix B for the list of dummy classification numbers.

2. An example of the provincial sales tax, tobacco tax and alcohol tax calculations, and the completion of the B 3 fields are displayed in Appendix C; see Appendix D for the CADEX requirements.

3. The current rates of provincial sales, tobacco and alcohol taxes, by province, can be found in Appendix E.

REFUNDS

1. Customs will refund to the importer, where applicable, the provincial sales, tobacco and/or alcohol tax when duties and GST are also being refunded. Where a refund for only the provincial sales, tobacco and/or alcohol tax is being requested, Customs will forward the claim to the appropriate provincial government for processing.

Any interest refundable will be payable only on the amount of federal duties and taxes. Interest on the provincial sales, tobacco and/or alcohol tax portion will not be refunded by Customs.

2. To obtain a refund by Customs, a non-commercial importer may complete a Customs Informal Adjustment Request, form B 2G, and forward the request to the nearest Customs Casual Refund Centre indicated on the form. To facilitate the adjustment process, importers may submit their B 2G form to any Customs office in Canada, which will forward the request to the appropriate Casual Refund Centre.

3. If a shipment has been assessed as non-commercial, but is a commercial shipment, then a refund will be processed on a B 2 form, Canada Customs Adjustment Request,

and submitted to the appropriate CAD office. The form B 2 should quote the dummy classification number for the applicable provincial sales, tobacco and/or alcohol tax.

CUSTOMS RECONCILIATION OF THE PROVINCIAL TAXES

Reconciliation of the provincial taxes will be performed at Headquarters using the Postal Import Control System, Casual Refund System and the Customs Commercial System.

The totals will be forwarded to the Finance Directorate who will ensure the amounts are remitted to the appropriate province.

COLLECTION OF OTHER PROVINCIAL TAXES

The federal government is currently negotiating with other provinces to collect their provincial sales, tobacco and alcohol taxes on non-commercial importations. As agreements are reached, the government will implement the collection for each province and Customs Notices will be issued accordingly.

APPENDIX A

DEFINITIONS OF EXEMPTIONS BY CLASSIFICATION

DEFINITION OF EXEMPTIONS BY CLASSIFICATION NUMBERS

1. "Books" - means goods classified in the Customs Tariff under:

Sub-heading 4901.91.00 and

Tariff items 4901.99.00.21 and 4901.99.00.22 inclusive; and

Tariff items 4901.99.00.40 to 4901.99.00.60 inclusive; and

Tariff items 4901.99.00.91 to 4901.99.00.99 inclusive.

2. "Clothing" - means goods classified in the Customs Tariff under:

Tariff items 3926.20.19.91 and 3926.20.19.92;

Sub-headings 3926.20.20 to 3926.20.89 inclusive;

Tariff items 3926.20.90.11 to 3926.20.90.19 inclusive;

Tariff items 3926.20.90.30 to 3926.20.90.90;

Tariff items 4203.10.00.11 to 4203.10.00.70 inclusive;

Tariff item 4203.10.00.99;

Sub-heading 4203.29.10

Tariff items 4203.29.90.91 to 4203.29.90.92;

Tariff items 4203.30.00.90;

Tariff items 4203.40.00.00;

Headings 43.03;

Sub-heading 6503.00.00 and 6504.00.00;

Sub-heading 6503.90.10 and 6505.90.90

Sub-heading 6506.91.00 to 6506.99.90 inclusive;

Headings 61.01 to 61.17 inclusive; and 62.01 to 62.17 inclusive.

3. "Footwear" - means goods classified in the Customs Tariff under:

headings 64.01 to 64.05 inclusive.

4. All goods which require licensing by the province i.e. automobiles, snowmobiles, and other vehicles, are nationally exempt from PST collection at time of importation.

"Vehicles" - means goods classified in the Customs Tariff under:

Tariff item 8703.10.10.00; and

Tariff item 8703.21.90.00; and

Tariff items 8703.22.00.91 to 8703.22.00.95 inclusive; and

Tariff items 8703.23.00.10 to 8703.23.00.64 inclusive; and

Tariff item 8703.24.00.20; and

Tariff items 8703.24.00.40 to 8703.24.00.74 inclusive; and
Sub-heading 8703.32.00; and
Tariff items 8703.33.00.20 to 8703.33.00.95 inclusive; and
Sub-headings 8711.20.00, 8711.30.00, 8711.40.00
Sub-headings 8711.50.00 and 8711.90.00; and
Sub-heading 8713.90.00; and
Sub-headings 8716.10.21 and 8716.10.29; and
Sub-heading 8716.39.30.

APPENDIX B

DUMMY CLASSIFICATION NUMBER

[not reproduced here.]

APPENDIX C

CALCULATION OF PROVINCIAL SALES, TOBACCO AND ALCOHOL TAX CALCULATION EXAMPLE OF PROVINCIAL SALES TAX - QUEBEC

[not reproduced here.]

APPENDIX D

CADEX FIELD COMPLETION INFORMATION CADEX EXAMPLE OF PROVINCIAL SALES TAX - FOR QUEBEC

NOTE: Please see the printed version of this Customs Notice to view the charts in
Appendix D.

APPENDIX E

PROVINCIAL SALES TAX, TOBACCO TAX AND ALCOHOL RATES PROVINCIAL SALES TAX AND TOBACCO TAX RATES

NOTE: Please see the printed version of this Customs Notice to view the charts in
Appendix D.

TABLE OF PROVINCIAL LIQUOR FEES

NEWFOUNDLAND, NOVA SCOTIA AND PRINCE EDWARD ISLAND PROVINCIAL LIQUOR FEE:

Spirits \$ 0.15 per ounce

Wine \$ 0.10 per ounce

Wine (Sparkling) \$ 0.15 per ounce

Wine coolers \$ 0.05 per ounce

Spirit coolers \$ 0.05 per ounce

Ciders \$ 0.05 per ounce

Beer \$ 0.01 per ounce

NEW BRUNSWICK LIQUOR MARK-UP RATES

Spirits 137% of value for GST

Wines 70% of value for GST

Sparkling Wines 70% of value for GST

Wine Coolers & Ciders 70% of value for GST

Beer 64% of value for GST

QUEBEC LIQUOR MARK-UP RATES

Wines 89.88% of value for GST

Spirits 120.35% of value for GST

Cognac/brandy 131.00% of value for GST

Champagne 79.00% of value for GST

Sparkling Wines 79.00% of value for GST

Beer 0%

Coolers 0%

Ciders 0%

ONTARIO LIQUOR MARK-UP RATES

Spirits 46.7% of value for GST

Wines (including sparkling) 39.6% of value for GST

Wine Coolers 29.0% of value for GST

Spirit Coolers 32.9% of value for GST

Ciders 27.9% of value for GST

Beer 67.6 cents per litre

MANITOBA LIQUOR FEE

Spirits \$ 0.40 per ounce

Wine \$ 0.12 per ounce

Wine (Sparkling) \$ 0.16 per ounce

Wine coolers \$ 0.08 per ounce

Spirit coolers \$ 0.08 per ounce

Ciders \$ 0.08 per ounce

Beer \$ 0.04 per ounce

SASKATCHEWAN LIQUOR MARK-UP RATES

Spirits \$ 0.409 per ounce

Wine \$ 0.086 per ounce

Wine (Sparkling) \$ 0.086 per ounce

Wine coolers \$ 0.044 per ounce

Spirit coolers \$ 0.044 per ounce

Ciders \$ 0.044 per ounce

Beer \$ 0.031 per ounce

ALBERTA PROVINCIAL LIQUOR FEE

Spirits \$ 0.15 per ounce

Wine \$ 0.10 per ounce

Wine (Sparkling) \$ 0.15 per ounce

Wine coolers \$ 0.05 per ounce

Spirit coolers \$ 0.05 per ounce

Ciders \$ 0.05 per ounce

Beer \$ 0.01 per ounce

BRITISH COLUMBIA LIQUOR MARK-UP RATES

Spirits 150% of value for GST (Min. \$12.74/litre, Max. \$40/litre)

Wine 85% of value for GST (Min. \$ 2.36/litre, Max. \$17/litre)

Wine (Sparkling) 85% of value for GST (Min. \$ 2.36/litre, Max. \$17/litre)

Wine coolers 70% of value for GST (Min. \$ 1.23/litre)

Spirit coolers 70% of value for GST (Min. \$ 1.23/litre)

Ciders 70% of value for GST (Min. \$ 1.23/litre)

Beer 55% of value for GST (Min. \$ 1.09/litre)

YUKON AND NORTHWEST TERRITORIES PROVINCIAL LIQUOR FEE

Spirits \$ 0.15 per ounce

Wine \$ 0.10 per ounce

Wine (Sparkling) \$ 0.15 per ounce
Wine coolers \$ 0.05 per ounce
Spirit coolers \$ 0.05 per ounce
Ciders \$ 0.05 per ounce
Beer \$ 0.01 per ounce