TRANSITIONAL MEASURES REGARDING COMPOSITIONAL STANDARDS FOR SPIRITS

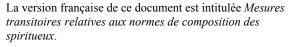
This note refers to proposed amendments to the *Excise Act, 2001* to provide transitional measures extending the application of previous regulatory provisions dealing with the compositional standards for spirituous products. The amendments provide for the continued application of a number of provisions of the *Distillery Regulations* and the *Distillery Departmental Regulations* made pursuant to the *Excise Act*. The application of these regulatory provisions will continue until they can be moved to more appropriate legislation. It is important to note, however, that the proposed amendments will cease to apply after June 30, 2007.

The sections outlined below will, therefore, remain in effect until June 30, 2007, or until any new legislative provisions are announced before that date. Of special interest are sections 7, 8 and 9 of the *Distillery Regulations* [Circular ED 203-1, *Regulations Respecting Distilleries and Their Products* (December 1999)], which will continue to apply to the blending of spirits, while section 12 will extend the provisions that relate to the bottling of spirits. Further, section 15 continues the package marking provisions for casks, barrels, and drums used by distillers for the storage or delivery of spirits.

Blending

- "7. Spirits may be flavoured by blending into the spirits additional domestic or imported spirits or wine.
- 8. (1) Subject to subsection (2), the resultant product of the spirits blended pursuant to section 7 shall be deemed to have been warehoused for a period equal to the period of the most recently warehoused spirits contained in the resultant product.
- (2) The resultant product of the spirits blended pursuant to section 7 shall be deemed to have been warehoused for a period equal to the period of warehousing of the spirits to which were added the spirits or wine for blending purposes if the absolute ethyl alcohol content of the spirits or wine added as flavouring does not exceed 9.090 per cent of the total quantity of absolute ethyl alcohol contained in the final product.







9. Canadian brandy may be blended in bond by the addition of domestic or imported brandies if not less than 75 per cent of the absolute ethyl alcohol content of the resultant product is derived from Canadian brandy."

Bottling

- "12. Spirits bottled for export that bear a label containing any reference to Canada, including the word "Canadian" in the trade name, to designate a type of spirits shall contain absolute ethyl alcohol in the following proportions:
 - (a) not less than 75 per cent derived from domestic spirits; and
 - (b) not more than 25 per cent derived from other spirits."

Package Markings

"15. All casks, barrels and drums used by a distiller for the storage or delivery of spirits shall be clearly and legibly marked with the bond number and the month and year of original warehousing."

The terms "in bond", "distiller" and "bond number" no longer apply.

Sections 13 and 14 of the *Distillery Departmental Regulations* [Circular ED 203-2 *Departmental Regulations Respecting the Operations of Distilleries* (June 1998)] will continue to apply to allow for Certificates of Age and Origin of Spirits.

Certificates of Age and Origin of Spirits

- "13. An officer shall not accept any certificate in respect of the age of any spirits brought into a warehouse unless the certificate has been endorsed by a government official of the country of origin of the spirits.
- 14. (1) No certificate in respect of the age and origin of any spirits that are to be exported in bond shall be signed by any excise officer in charge of a distillery unless the information set out in the certificate can be verified from the records of the distiller.
- (2) Where whisky that is to be exported in bond is a blend containing more than 9.090 per cent imported spirits, the certificate referred to in subsection (1)
 - (a) shall specify the percentage of domestic and imported spirits contained in the whisky; and
 - (b) shall not refer to the whisky as Rye Whisky, Canadian Whisky or Canadian Rye Whisky."

The above regulatory provisions will continue to be administered pending the enactment of the proposed amendments to the *Excise Act*, 2001.

This Excise Duty Notice does not replace the law found in the Excise Act, its Regulations or the Excise Act, 2001. It is provided for convenience and reference only. Since it may not completely address your particular operation, you may wish to refer to the relevant act or regulations, or contact your regional Excise Duty office for additional information.