

Excise Duty Memoranda Series

10.1.7 Completing an Excise Duty Return – Spirits Licensee

August 2003

Overview

This memorandum provides line-by-line instructions on how to complete form B266, *Excise Duty Return – Spirits Licensee*, required to be filed monthly by spirits licensees under the *Excise Act, 2001* (the “Act”). It also provides information on when and where to file the return.

Disclaimer

The information in this memorandum does not replace the law found in the Act and its Regulations. It is provided for your reference. As it may not completely address your situation, you may wish to refer to the Act or its Regulations, or contact any Canada Customs and Revenue Agency (CCRA) tax services office for additional information.

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General

Spirits licensee s 14

1. A spirits licence authorizes a person (i.e., a spirits licensee) to produce or package spirits in Canada. A spirits licensee is also permitted to import, export, denature or transport bulk spirits. The responsibilities of a spirits licensee are discussed in detail in Excise Duty Memorandum 3.1.1, *Producers and Packagers of Spirits*.

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La version française de ce document est intitulée *Comment remplir une déclaration des droits d'accise – Titulaire de licence de spiritueux*.



Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

Canada

10.1.7 Completing an Excise Duty Return – Spirits Licensee

Rates of excise duty Schedules 4 and 5 s 122 and 123

2. The following rates are used to calculate the amount of excise duty or special duty payable:
 - \$11.066 per litre of absolute ethyl alcohol (LAA) (spirits containing more than 7% of absolute ethyl alcohol by volume);
 - \$0.2459 per litre of spirits containing not more than 7% of absolute ethyl alcohol by volume; and
 - special duty of \$0.12 per LAA of imported bulk spirits delivered to, or imported by, licensed users.
3. Include on this excise duty return only information that applies to the fiscal month for which you are filing, and only complete the lines of the return that apply to you. Indicate NIL on the lines that do not apply to you.

Line-by-line instructions

PAGE 1

Identification of licensee

Identification

4. The top left portion of both pages of the return is used to identify the spirits licensee. A licensee must complete this section on both pages by entering the complete legal name, trading name (if different from the legal name), and mailing address of the licensee.

Field 1 –
Business Number

5. Enter your 9-digit Business Number (BN), 2-letter (RD) program identifier, and 4-digit program account number.

Field 2 –
Period covered

6. Enter the fiscal month covered by this return. The dates should be entered in the order year / month / day.

Field 3 –
Due date of return

7. The due date for an excise duty return is the last day of the fiscal month following each fiscal month of a licensee. Enter this date for the fiscal month for which you are filing. The due date should be entered in the order year / month / day.

Description – add any missing descriptions

Line 4 –
Spirits >7% (LAA)

8. Under the heading “Quantity”, enter the total LAA of spirits containing more than 7% of absolute ethyl alcohol by volume on which excise duty is payable. Calculate the amount of excise duty payable and enter the result under “Duty payable” on line 4.

Line 5 –
Spirits ≤ 7% (L)

9. Under the heading “Quantity”, enter the total litres of spirits containing 7% of absolute ethyl alcohol by volume or less on which excise duty is payable. Calculate the amount of excise duty payable and enter the result under “Duty payable” on line 5.

Line 6 – Imported spirits to licensed users (LAA) 10. Under the heading “Quantity”, enter the total LAA of imported spirits delivered to licensed users. Calculate the amount of special duty payable and enter the result under “Duty payable” on line 6.

Line 7 – Total (lines 4 to 6) 11. Add the amounts of “Duty payable” from lines 4, 5, and 6 and enter the total on line 7.

Authorized deduction / refund

Lines 8, 9 and 10 12. There are different ways to claim an excise duty refund.
OR
Line 13 (a) Claim the total refund(s) on your monthly return:

- by recording the quantities on lines 8, 9, and 10 for any preauthorized refunds; or
- by recording the total refund on line 13 and attaching form B256, *General Application for Refund of Excise Duty Under the Excise Act, 2001*.

or

(b) Submit form B256, *General Application for Refund of Excise Duty Under the Excise Act, 2001*, separately from this return.

13. If you claim refunds on lines 8, 9, or 10 of this return, do not include them on line 13, and do not include them on form B256, *General Application for Refund of Excise Duty Under the Excise Act, 2001*.

14. If you have already filed your refund claim separately, do not record any of that information on this return.

15. If you expect a refund from a previous fiscal month, but have not yet received it, do not include that information on this return.

Line 8 – Spirits > 7% (LAA) 16. Under the heading “Quantity”, enter the total LAA of spirits containing more than 7% of absolute ethyl alcohol by volume for which a refund has been preauthorized. Calculate the amount of excise duty refundable and enter the result under “Deduction / refund” on line 8.

Line 9 – Spirits ≤ 7% (L) 17. Under the heading “Quantity”, enter the total litres of spirits containing 7% or less of absolute ethyl alcohol by volume for which a refund has been preauthorized. Calculate the amount of excise duty refundable and enter the result under “Deduction / refund” on line 9.

Line 10 – Imported spirits returned from licensed users (LAA) 18. Under the heading “Quantity”, enter the total LAA of imported spirits that were returned from licensed users for which a refund has been preauthorized. Calculate the amount of special duty refundable and enter the result under “Deduction / refund” on line 10.

Line 11 – Total (lines 8 to 10) 19. Add the “Deduction / refund” amounts from lines 8, 9 and 10 and enter the total on line 11.

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- Line 12 –**
Net payable
(line 7 minus line 11)
20. Calculate the “Net payable” amount by subtracting line 11 from line 7 and enter the result on line 12.
- Line 13 –**
Credits
(form B256 attached)
21. Enter an amount on line 13 **only** if you are attaching a completed form B256, *General Application for Refund of Excise Duty Under the Excise Act, 2001*, **and** you have not claimed the refunds on lines 8, 9 and 10 of this return.
- Line 14 –**
Amount due
(line 12 minus line 13)
22. Subtract line 13 from line 12 and enter the result as “Amount due” on line 14. If this amount is negative, place a minus sign to the left of the amount.
- Line 15 –**
Payment herewith /
credit due
23. If the result on line 14 is a positive amount, enter that amount on line 15 and circle “payment herewith”. Enclose a cheque or money order, in Canadian dollars, payable to the Receiver General. If you have already paid the amount due to the CCRA or an authorized financial institution, enter NIL on line 15.
24. If the result on line 14 is a negative amount, enter the same amount on line 15 and circle “credit due”.

Client contact name / telephone number

25. Enter the complete name and telephone number of a person who may be contacted concerning this excise duty return.

Certification

26. An authorized representative must print their name and title, sign and date the return, and provide a current telephone number.

PAGE 2

Reporting based on possession

- Possession vs.
responsibility
27. Bulk inventories are reported based on the possession of the product, regardless of who is responsible. There may be situations where a spirits licensee is responsible for the bulk spirits, but does not have them in their possession, or vice versa. The licensee’s books and records should reflect these situations for verification during audit and compliance reviews.

Opening balance – spirits in litres of absolute ethyl alcohol (LAA)

- Line A –**
Opening balance
28. The opening balance of this return must equal the last fiscal month’s closing balance.

Additions to bulk inventory

- Spirits produced
29. Enter the total LAA of bulk spirits produced.

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Received from spirits licensees and licensed users	30. Enter the total LAA of bulk spirits received from other spirits licensees and licensed users.
Imported	31. Enter on the appropriate lines the total LAA of bulk spirits imported from the United States and countries other than the United States.
Packaged spirits returned to bulk	32. Enter the total LAA of packaged spirits returned to bulk inventory.
Line B – Total additions	33. Add the above quantities of bulk spirits (i.e., all additions to bulk inventory) and enter the sum on line B.

Reductions to bulk inventory

Removed to spirits licensees	34. Enter the total LAA of bulk spirits removed for delivery to other spirits licensees.
Removed to licensed users	35. Enter on the appropriate lines the total LAA of bulk spirits: <ul style="list-style-type: none">• domestically produced and removed for delivery to licensed users;• imported from the United States and removed for delivery to licensed users; and• imported from countries other than the United States and removed for delivery to licensed users.
Denatured spirits – fuel grades	36. Enter on the appropriate lines the total LAA of bulk spirits: <ul style="list-style-type: none">• denatured to fuel grade DA-2F; and• denatured to fuel grade DA-2G.
Denatured spirits – other	37. Enter the total LAA of bulk spirits denatured into products other than DA-2F or DA-2G fuel grades.
Specially denatured spirits	38. Enter the total LAA of bulk spirits denatured into specially denatured spirits.
Exported	39. Enter on the appropriate lines the total LAA of bulk spirits exported to the United States and countries other than the United States.
Packaging – non-duty-paid	40. Enter on the appropriate lines the total LAA of bulk spirits: <ul style="list-style-type: none">• containing more than 7% of absolute ethyl alcohol by volume packaged non-duty-paid;• containing 7% or less of absolute ethyl alcohol by volume packaged non-duty-paid; and• packaged in marked special containers non-duty-paid.
Packaging – duty-paid	41. Enter the total LAA of bulk spirits packaged duty-paid.
Returned to production	42. Enter the total LAA of bulk spirits returned to spirits production.

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Removed for other purposes

43. Enter on the appropriate lines the total LAA of bulk spirits removed from bulk inventory:
- non-duty-paid for other purposes and specify the purpose for removal (e.g., taken for analysis or destroyed in an approved manner); and
 - duty-paid for other purposes and specify the purpose for removal (e.g., taken for use or unaccounted losses).

Line C –
Total reductions

44. Add the above quantities of bulk spirits (i.e., all reductions to bulk inventory) and enter the sum on line C.

Inventory adjustments

Line D –
Inventory adjustments
(+ or –)

45. Adjustments may be necessary to balance the physical inventory with the book inventory. The closing or book inventory must agree with the physical inventory for the fiscal month. All adjusting entries are subject to audit and must be entered as “Inventory adjustments” on line D.

Closing balance

Line E –
Closing balance
(A+B) – C±D

46. The closing balance is the sum of lines A and B, minus line C, plus or minus any adjustment in line D: $(A+B) - C \pm D$. This closing balance will become the opening balance for the following fiscal month.

Where to file

47. You may file your excise duty return and payment by mailing it to the following address:

Canada Customs and Revenue Agency
Summerside Tax Centre
Other Levies Division
275 Pope Road, Suite 101
Summerside PE C1N 6E7

48. You may also file your excise duty return and payment by delivering it to any CCRA tax services office, or payments may be made at authorized financial institutions.

Payments

49. Excise duty payments must be received at a CCRA tax services office, an authorized financial institution, or the Summerside Tax Centre on or before the due date of the return.

50. Cheques and money orders must be made payable to the Receiver General. Please indicate your Business Number and program account number on the back of your cheque or money order.

Small amounts owing
s 165

51. The CCRA does not charge or refund a balance of \$2 or less. However, such an amount may be deducted from a balance owing by the licensee.

Large payments
s 163

52. Payments of \$50,000 or more must be made at an authorized financial institution in Canada.

53. Additional information with respect to the filing of monthly returns, remitting excise duty, and paying the correct amount of excise duty is provided in Excise Duty Memorandum 10.1.1, *Returns and Payments*.

Interest charges

54. Failure to remit payments to an authorized financial institution or CCRA office by the due date of a return will result in interest charges.

Retention of information

Keeping records
s 206

55. You should retain a copy of this return for your records, as the return and any other information used to prepare it are subject to audit and must be retained for verification purposes.

56. Additional information on the requirement to maintain books and records is available in Excise Duty Memorandum 9.1.1, *General Requirements for Books and Records*.

All of the memoranda in the Excise Duty Memoranda Series will be available on the CCRA Web site at <http://www.ccra-adrc.gc.ca/tax/technical/act2001-e.html>