

# ED Circular

## 212-7 Credit Entitlements

June 2004

### Overview

Under the *Excise Act* (the “Act”), licensed brewers are entitled to drawbacks or refunds on beer that has been exported or disposed of under prescribed conditions. The Canada Revenue Agency (CRA) administers these drawbacks or refunds by allowing licensed brewers to take credits.

### Disclaimer

The information in this ED Circular 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 CRA tax services office for additional information.

## References

*Excise Act*, sections 173 and 174

*Brewery Regulations*, sections 4 and 8

*Departmental Brewery Regulations*, sections 5, 6 and 7

## Compliance

### Excise duty credits

1. Subject to the requirements of this ED Circular, a licensed brewer may take credit for the excise duty paid on beer that has been
  - (a) returned to process stock for repackaging;
  - (b) destroyed under excise supervision;
  - (c) shipped for export and ships’ stores, directly or via a customs bonded warehouse;
  - (d) delivered to a duty free shop licensed under the *Customs Act* or to an accredited representative; or
  - (e) shipped pursuant to a remission order granting relief from excise duties.

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Canada

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- Claiming credits
2. All claims for credits must be made on an original form N10, *Refund/Credit Claim*, which is a three-part form. A licensed brewer may claim these credits in the form of a deduction against excise duty owing as a “Credit” in field 9 of the B96, *Excise Duty Revenue Report* provided that they attach a copy of form N10 to the B96. A brewer may also submit form N10 separately.
- Submitting credit applications
3. If form N10 is submitted separately, it may be delivered to any CRA tax services office or mailed to the following address:
- Canada Revenue Agency  
Summerside Tax Centre  
Other Levies Division  
275 Pope Road, Suite 101  
Summerside PE C1N 6E7
4. If a separate claim is not made, then attach the top copy to form B96 mentioned above and send to the Summerside Tax Centre. The second copy should be attached and submitted with the K50B, *Monthly Return – Excise Duty – Beer*, and the third copy kept in the licensee’s files.
- Availability of forms
5. Forms N10, B96 and K50B are available at the nearest Regional Excise Duty office or on the CRA Web site at the following address: <http://www.cra-arc.gc.ca/tax/technical/exciseduty-forms-e.html>.
- Beer returned to process stock for repackaging
6. A licensed brewer must retain sufficient documentary evidence to substantiate all credits taken. In the case of beer returned to process stock, this includes evidence that such quantities of beer have been returned from the brewer’s storage area or other sources.
- Beer destroyed under excise supervision
7. The quantity of duty-paid beer destroyed may be calculated on the basis of the reputed package contents, as determined for payment of excise duty, if the excise officer is satisfied that the packages were full and their contents were destroyed. An excise officer may, at any time, require that the destruction of beer take place under excise supervision.
- Calculating quantities of dumped beer
8. If packaged beer is dumped into a bulk tank prior to destruction, the quantity destroyed may be calculated on the same basis as referred in paragraph 7 if the excise officer is satisfied that the quantity in the bulk tank, plus a reasonable allowance for loss in dumping, accounts for the packaged quantities reported as dumped.
- Record keeping for destroyed beer
9. A record of beer destroyed is to be maintained by the licensee, which
- (a) identifies each lot destroyed;
  - (b) shows the date, quantity destroyed and the number of the revenue entry on which credit is taken; and
  - (c) when an excise officer supervises the destruction, bears the signature of the excise officer who supervised the destruction.

- Samples of destroyed beer sent for analysis
10. At the discretion of the excise officer, a licensed brewer may be required to carry out a balling test of beer intended for destruction under the officer's supervision. The excise officer may also send a sample of beer destroyed, accompanied by a sample of the same type of beer taken from the brewer's normal production, for analysis to the Laboratory and Scientific Services Directorate (LSSD) at the following address:
- Laboratory and Scientific Services Directorate  
Industrial Commodities Division  
Alcohol and Tobacco Section  
79 Bentley Avenue  
Ottawa ON K2E 6T7
- Duplicate samples retained
11. If samples are sent to LSSD as referred to above, the excise officer will take duplicate samples and retain them until the results of the analysis have been received.
- No credit of excise duty before analysis completed
12. When the excise officer requires that a sample be submitted to the LSSD, no credit for the excise duty paid will be allowed until the results of the analysis are received.
- Beer shipped for export
13. A licensed brewer may take credit for beer exported, including beer delivered to a Customs bonded warehouse, delivered to a duty free shop licensed under the *Customs Act*, and delivered to an accredited representative, when they provide notice of their intent to export. At the time of audit, the credit for beer shipped for export will be allowed only for those quantities for which the licensed brewer has received acceptable documentary evidence of proper delivery. Such evidence may include
- (a) a duly executed copy of the excise duty export entry in respect of those goods;
  - (b) a landing certificate issued by the port authorities of the country to which the goods were exported, authenticated by a customs official, a British or Canadian trade commissioner or a British or Canadian consul, establishing that the goods have been landed and duly delivered to the customs authorities of the country named in the certificate;
  - (c) in the case of goods exported to the United States, a landing certificate issued at the place in the United States to which the goods were exported bearing an official stamp, mark or impression of customs at the point of entry into the United States, or a continuous customs custody certificate from the United States customs;
  - (d) any documentary evidence other than that described in paragraph (a), (b) or (c) showing that the goods have left Canada and have not been re-landed in Canada or, if re-landed, that the proper customs entry has been made;
  - (e) in the case of goods exported by means of an aircraft or an ocean-going vessel and destined to a foreign country,
    - (i) a declaration, as provided for on the export entry form, that the goods have been duly laden and reported to customs, or
    - (ii) a certified copy of the ocean or air bill of lading relating to the goods exported.

14. Additional information relating to acceptable documents for export will be available in Excise Duty Memorandum 9.3.1, *Export Documentation*.
- Beer shipped for ships' stores
15. A licensed brewer may take credit for beer delivered for use as ships' stores when they provide notice of their intent to deliver the beer. At the time of audit, the credit will be allowed only for those quantities for which the licensed brewer has received documentary evidence of proper delivery.
16. Additional information relating to ships' stores is available in Customs Memorandum D-4-2-1, *Ships' Stores Regulations*.
- Remission Order
17. The credit for beer shipped pursuant to a remission order may be taken for those quantities for which the licensed brewer has received documentary evidence in accordance with the conditions contained within the Order or other documentary evidence to ensure compliance with the provisions of the Order (e.g. *Visitin Forces and Visiting Forces Personnel Alcoholic Beverages Remission Order*).
- Time limits
18. A licensed brewer must obtain documentary proof of export within eight months of the date of shipment. If such proof of export is not provided to the CRA, the brewer becomes liable for the excise duty. Interest and penalties may also apply on any assessments raised as a result of insufficient proof of export within the required time period.

Only ED circulars printed as of 1995 are available in electronic format on the CRA Web site at <http://www.cra-arc.gc.ca/tax/technical/excise-e.html>. For copies printed before 1995, contact your local CRA Excise Duty Office.