

# Excise Taxes and Special Levies Notice

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March 2006

## Application of the Excise Tax on Air Conditioners in Unsalvageable or Scrap Vehicles

### Background

This notice refers to a recent court case heard by the Federal Court (Citation no. 2005 FC 771) concerning an appeal of a decision of the Canadian International Trade Tribunal (CITT) dated April 21, 2004 in which CITT denied the plaintiff's refund application for overpayment of excise tax on vehicle air conditioners. The plaintiff is in the business of importing vehicles that are damaged beyond repair, to be dismantled for parts and scrap. The vehicles are not imported to be used as or sold as vehicles to be driven on roads. The plaintiff's appeal was allowed on May 5, 2005 and the CRA chose not to appeal this decision.

As a result of the Federal Court decision, the excise tax is not applicable on an air conditioner installed in any vehicle that is unsalvageable or destined for parts or scrap.

### Court case

See the following link for the full court decision: [decisions.fct-cf.gc.ca/fct/2005/2005fc771.shtml](http://decisions.fct-cf.gc.ca/fct/2005/2005fc771.shtml).

### Who can I contact?

For further information, please contact Mr. Dave Turnbull, Rulings Officer, Excise Duties and Taxes Division at (613) 952-5323 or contact the excise tax information line at 1-866-330-3304.

ET/SL-057



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La version française de cet avis est intitulée  
*Application de la taxe d'accise aux climatiseurs  
provenant de véhicules irrécupérables ou destinés à la  
ferraille.*



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