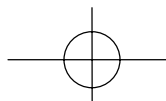
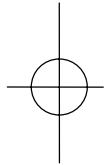
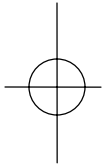
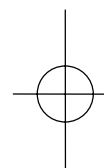
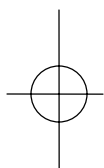
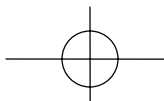


Highlights for Institutions

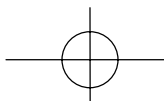
**(Educational, Medicinal,
Scientific and Research)**

Excise Act, 2001





La version française de cette brochure est intitulée *Faits saillants pour les institutions (scientifiques, d'enseignement, de santé et de recherche)*.



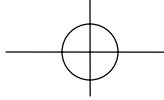
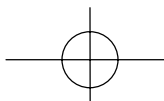
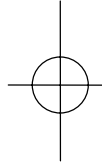
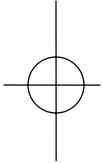
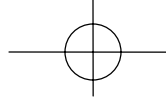


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Why make changes?

The *Excise Act* is one of the oldest taxing statutes in Canada. While many changes have been made over the years, a general review identified that a new regime for the federal taxation of spirits, wine and tobacco products was needed.

The new *Excise Act, 2001* is a modernized framework designed to reduce controls and costs on industry wherever possible. It also harmonizes various administrative provisions for payment, assessment, enforcement and appeals with other federal tax legislation.

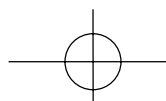
The new excise framework will allow the Canada Customs and Revenue Agency (CCRA) to serve its clients better, while providing us with the tools to become more effective. Consumers will not be affected by the changes to the legislative framework.

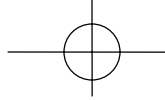
When will the changes take effect?

The *Excise Act, 2001* has now become law, and is scheduled to be implemented effective July 1, 2003. Bill C-47, the legislation to implement the *Excise Act, 2001*, was introduced in the House of Commons on December 6, 2001, and was given Royal Assent on June 13, 2002.

What changes will affect you?

Once it is implemented, there will be some significant changes to the way the CCRA deals with **users of non-beverage spirits**. There will also be new obligations and entitlements for industry members. This information bulletin briefly outlines the important changes that will affect your industry.





Technical issues

Currently, an Excise Duty Memoranda Series is being developed by the CCRA to address technical issues and questions you may have. Prior to the implementation, these publications will be made available to the public in both paper and electronic format.

Enclosed at this time with your registration package are memoranda addressing some of the initial questions you may have concerning the registration process. Once your registration application is approved, you will receive a confirmation package, which will include memoranda dealing with your specific obligations and entitlements.

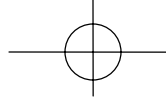
Registration highlights

Listed below are some of the registration highlights that will apply to your registration for the use of non-beverage spirits:

- A registration will be mandatory;
- Security will not be required;
- There will be no annual registration fee;
- You will not be required to file returns;
- Your registration will be valid until it is cancelled, suspended or revoked.

Requirement to register

Under the current legislation, certain persons and institutions are granted permits to purchase non-beverage spirits from distillers. These persons and institutions may also apply for and receive certain drawbacks of the excise duty paid on the spirits.



Under the new *Excise Act, 2001*, persons and institutions for specified educational, medicinal, scientific and research purposes will be required to apply for a users registration to purchase and use such packaged spirits on a non-duty-paid basis. Packaged spirits mean spirits in a container with a capacity of not more than 100 litres or in a marked special container.

User's registration

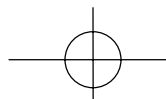
A user's registration will allow qualified users to purchase and use non-duty-paid packaged spirits for specific purposes. Registered users may include scientific and research laboratories, universities and other post-secondary educational institutions, health care facilities and health institutions.

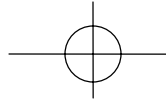
Enclosed is a registration package that contains the *Licence and Registration Application Excise Act, 2001* form, as well as Excise Duty Memoranda 2.3.1, *Registration Types* and 2.4.1, *Obtaining a Registration*. When you complete the registration application, you will be required to list the addresses to be covered by the registration. There is no annual registration fee.

Special containers of spirits

A new concept in packaging spirits will be introduced under the new legislation and will be known as the "special container". A special container is any container of spirits with a capacity of more than 100 litres, but not more than 1,500 litres.

Registered users will only be permitted to purchase and use packaged spirits on a non-duty-paid basis for scientific or medicinal purposes. To allow the purchase and use of these spirits in larger containers, marked special containers of spirits can be delivered to registered users without breaching the rules for the possession of bulk alcohol. In this situation, marked special containers will be regarded as containing packaged spirits, rather than bulk spirits when marked as required by regulations.





Duration of registration

Your user's registration under the *Excise Act, 2001* will remain active until it is no longer required by you or, unless in accordance with the *Regulations Respecting Excise Licences and Registrations*, the registration is suspended or cancelled.

Business Number and duty account

If you do not already have one, you will require a Business Number (BN) issued by the CCRA. The first nine digits identify your business, while the following two letters and the next four digits identify the program specific account (you may have more than one account i.e., GST/HST, Corporate, Import/Export, etc.).

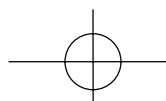
The new excise duty program account is now available to eligible persons and is prefaced by the two letters RD. The new RD excise duty identifier and excise account number, when added to your BN, will be specific to the type of registration you hold.

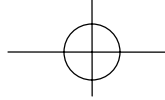
If you have not yet been issued a new excise duty RD program account or you have questions relating to it or your BN, please call our Business Enquiries Line at 1-800-959-5525. Business agents will provide you with the relevant BN and excise duty application forms and related documents for completion and return.

Transitional issues

For purposes of the transitional provisions, implementation date means July 1, 2003. As of the implementation date, bulk and packaged spirits are relieved of excise duties under the current statute. However, liabilities for amounts owing will continue.

On that day, the new *Excise Act, 2001* applies to the spirits as if the person or institution that possesses them immediately before the implementation date produced them in Canada on that day.





Marking special containers

On implementation day, where spirits are in a special container and the person or institution possessing them is a registered user, that person or institution will be required to mark the special container.

Duty payable

Any person and institution who is not a registered user on implementation day, and who has packaged spirits in their possession, will be liable for the excise duty on the spirits on that day.

Records

As a registered user, you will be required to maintain all records necessary to determine whether you have complied with the new legislation. These records must, unless otherwise authorized, be kept in Canada in English or French.

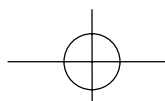
You will have to keep these records in paper or electronic format for a period of six years after the end of the year to which they relate.

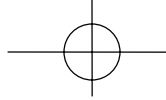
Need more information?

You can find related memorandum, forms and news releases as they become available at www.ccr-aadrc.gc.ca/tax/technical/exciseduty-e.html.

Other related bulletins that are available in the Users Series are *C2, Highlights for Bonded Manufacturers and Pharmacists* and *C3, Highlights for Users of Specially Denatured Alcohol*.

If you wish to discuss a specific matter, you may call your nearest Regional Excise Duty Manager. The phone numbers and addresses of our regional Excise Duty offices are listed at the end of this bulletin.

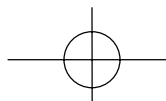
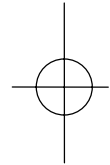
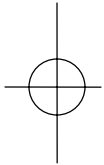


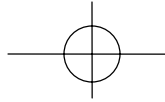


Comments or suggestions?

If you wish to make comments or suggestions regarding the contents of this bulletin, please write to us at the following address:

Attention: *Excise Act, 2001* Implementation Group
Excise Duties and Taxes Division
Policy and Legislation Branch
Canada Customs and Revenue Agency
20th floor, Tower A
Place de Ville, 320 Queen Street
Ottawa ON K1A 0L5





Regional Excise Duty Operations

Atlantic Region

c/o Excise Duty Manager
P.O. Box 638
Halifax NS B3J 2T5

Phone: (902) 426-5748

Fax: (902) 426-7177

Quebec Region (District of Québec)

c/o Excise Duty Manager
Section 441 - 8
165 de la Pointe-aux-lièvres Street
Québec QC G1K 7L3

Phone: (418) 649-4998

Fax: (418) 648-5484

Quebec Region (District of Montréal)

c/o Excise Duty Manager
305 René-Lévesque Blvd. West, 7th floor
Montréal QC H2Z 1A6

Phone: (514) 283-6738

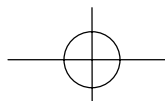
Fax: (514) 283-6154

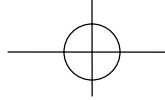
Northern Ontario Region

c/o Excise Duty Manager
1730 St-Laurent Blvd., 3rd floor
P.O. Box 8257
Ottawa ON K1G 3H7

Phone: (613) 998-9305

Fax: (613) 991-3236





Southern Ontario Region

c/o Assistant Director, Excise Duty
5800 Hurontario Street
P.O. Box 6000, Station A
Mississauga ON L5A 4E9

Phone: (905) 277-6476

Fax: (905) 615-2814

Prairies Region

c/o Excise Duty Manager
220 - 4th Avenue South East, Room 420
Calgary AB T2G 0L1

Phone: (403) 231-4124

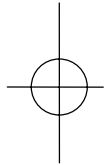
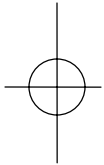
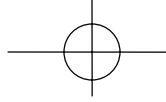
Fax: (403) 231-3033

Pacific Region

c/o Excise Duty Manager
9737 King George Highway, 5th floor
P.O. Box 9070, Station Main
Surrey BC V3T 5W6

Phone: (604) 587-2100

Fax: (604) 587-2162



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