



Ottawa, March 1, 2003

CUSTOMS NOTICE N-511

Collection of Alberta's Provincial Tobacco Tax on Non-Commercial Importations

1. This notice provides information on the application of provincial tobacco taxes on all non-commercial tobacco products imported by mail, commercial courier/carrier or by any other means.
2. The information contained in this notice will be incorporated into Memorandum D2-3-6, *Non-Commercial Provincial Tax Collection Programs*, once the legislative changes come into force.
3. Effective September 1, 2003, provided the necessary legislative arrangements are in force, customs will commence collecting provincial tobacco taxes on behalf of the province of Alberta.

Application

4. Alberta's tobacco tax will be assessed on non-commercial importations of tobacco that are subject to the payment of GST, released and intended for consumption in Alberta. Where goods are GST exempt under current federal administrative policy (i.e. exemptions, remissions) the provincial tobacco tax will not be collected.
5. Alberta's tobacco tax rates are as follows:

Cigarettes	\$0.16 per cigarette
Tobacco sticks	\$0.16 per stick
Manufactured tobacco (includes snuff, chewing, pipe and smoking tobacco)	\$0.16 per gram
Cigars	183% of the value for GST (minimum \$0.35 and maximum \$8 per cigar)

Legislation

6. The *Federal-Provincial Fiscal Arrangements Act* and a subsequent Order in Council (P.C. 1992-1268) dated June 11, 1992, provides the Minister of National Revenue with the legal authority to enter into agreements with the provinces and territories with respect to the collection of provincial sales, tobacco and alcohol taxes.
7. Alberta is in the process of making amendments to their *Tobacco Tax Act* to provide customs with the legal authority to collect and remit the tobacco tax and to detain goods should the individual refuse to pay the applicable tobacco taxes.

Non-Commercial Goods

8. Non-commercial goods are defined as goods for individual use not intended for resale, commercial, institutional, occupational or other like use.
9. The *Excise Act 2001* is expected to come into force on July 1, 2003. Section 4 of the proposed *Regulations Respecting the Stamping and Marking of Tobacco Products*, also expected to come into force on that date, prescribes a limit of five units of unstamped tobacco products that may be imported for personal consumption. Such shipments are deemed to be non-commercial and are not subject to the stamping provisions that apply to commercial shipments, as outlined in Section 3 of the proposed regulations. Importations of tobacco products in excess of the five unit prescribed limit will be treated as commercial importations, and will be subject to the regular stamping requirements set out under the proposed regulations.
10. One unit is defined as 200 cigarettes or 200 tobacco sticks or 200 grams of manufactured tobacco or 50 cigars.

Non-Commercial Goods Imported by Mail

11. Assessment of the applicable tobacco tax will be shown on Form E14, *Customs Postal Import Form*, for all non-commercial mail items containing tobacco destined for delivery in the province of Alberta.

12. The provincial tobacco tax, along with any federal duties and taxes, will be collected by the Canada Post Corporation upon delivery of the mail item to the importer. Should the individual refuse to pay the provincial tax portion, Canada Post has the right to return the goods to the sender.

Non-Commercial Goods Imported by Commercial Courier/Carrier or by any Other Means

13. To prevent delays in the release of non-commercial goods, customs will authorize the importer or agent to account for the applicable provincial tobacco tax under normal customs practices.

14. Couriers/carriers and customs brokers who have release prior to payment privileges, and who wish to receive release of their tobacco imports prior to the payment of the Alberta provincial tobacco tax may do so on the understanding that the provincial tobacco tax will be remitted to customs under their normal accounting procedures.

15. For those couriers/carriers and customs brokers who do not remit the provincial tobacco tax at the time of accounting, future casual shipments of tobacco will not be released until payment of all provincial tobacco taxes are made to customs.

16. Casual importers acting on their own behalf will be required to present a cash entry including payment of the provincial tobacco tax before release of their tobacco.

Payment of Provincial Taxes

17. Payment of the provincial tobacco tax may be accounted for in the normal manner of accounting for federal duties and taxes, i.e. by means of LVS consolidated entry, CADEX transmission or Form B3, *Canada Customs Coding Form*. The provincial tobacco tax may be consolidated using a separate classification line. A “dummy” classification number has been designated for each province and for each type of provincial tax. In the

case of Alberta, the “dummy” classification number to be used is 0000.99.99.51 (see Memorandum D17-1-22, *Accounting for the Harmonized Sales Tax, Provincial Sales Taxes, Provincial Tobacco Taxes, and Alcohol Mark-ups/Fees on Casual Importations in the Courier and Commercial Streams*, Appendix A for a complete list of “dummy” classification numbers). To view an example of the provincial tax calculations, and the completion of the B3 fields see the printed example(s) in Appendix C of Memorandum D17-1-22.

Refunds

18. Customs will refund to the importer, where applicable, the Alberta provincial tobacco tax when duties and GST are also being refunded. Where a refund of only the provincial tobacco tax is being requested, customs will forward the claim to the province of Alberta for processing. Any interest refundable will be payable only on the amount of federal duties and taxes. Interest on the provincial tobacco tax portion will not be refunded by customs.

19. To obtain a refund from customs, a non-commercial importer may complete Form B2G, *Customs Informal Adjustment Request*, and forward the request to the nearest Customs Casual Refund Centre indicated on the form. To facilitate the adjustment process, importers may submit their B2G form to any customs office in Canada, which will forward the request to the appropriate Customs Casual Refund Centre.

20. If a shipment has been assessed as non-commercial, but is a commercial shipment, a refund will have to be processed on Form B2, *Canada Customs Adjustment Request*, and submitted to the appropriate CAD office. Form B2 should quote the “dummy” classification number for the applicable provincial tobacco tax.

Customs Reconciliation of Provincial Tobacco Taxes

21. Reconciliation of the provincial tobacco taxes collected will be performed at Headquarters using the Postal Import Control System, the Casual Refund System and the Customs Commercial System. Information concerning the total collections will be forwarded to the Finance and Administration Branch who will ensure the amounts are remitted to the appropriate province.

Additional Information

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