

Notice of Ways and Means Motion Respecting Amendments to the Excise Tax Act

That it is expedient to amend the *Excise Tax Act* to provide among other things:

1. That the excise tax on cigarettes intended for retail sale in Ontario, Quebec, Nova Scotia, New Brunswick and Prince Edward Island be imposed at the following rates:

(a) \$0.06638 for each five cigarettes or fraction of five cigarettes contained in any package where:

(i) the cigarettes are marked or stamped in accordance with the *Tobacco Tax Act*, R.S.O. 1990, c. T.10, to clearly indicate that the cigarettes are intended for retail sale in Ontario, or

(ii) the cigarettes are black stock delivered by the manufacturer or producer to a supplier who holds a permit under section 9 of the *Tobacco Tax Act*, R.S.O. 1990, c.T.10, to sell black stock cigarettes and the supplier certifies to the manufacturer or the producer, in any form and manner authorized by the Minister of National Revenue, that the cigarettes are intended for resale to on-reserve retailers in accordance with that Act;

(b) \$0.05638 for each five cigarettes or fraction of five cigarettes contained in any package where the cigarettes are marked or stamped in accordance with the *Tobacco Tax Act*, R.S.Q. 1977, c.I-2, to clearly indicate that the cigarettes are intended for retail sale in Quebec;

(c) \$0.11638 for each five cigarettes or fraction of five cigarettes contained in any package, where

(i) the cigarettes are marked or stamped in accordance with the *Tobacco Tax Act*, R.S.N.S. 1989, c.470, to clearly indicate that the cigarettes are intended for retail sale in Nova Scotia, or

(ii) the cigarettes are black stock delivered by the manufacturer or producer of the cigarettes to a designated wholesale vendor (as defined in subsection 23.36(1) of the *Excise Tax Act*) and the designated wholesale vendor certifies to the manufacturer or producer, in any form and manner authorized by the Minister of National Revenue, that the cigarettes are intended for resale to designated retail vendors (as defined in subsection 23.36(1) of the *Excise Tax Act*);

(d) \$0.11138 for each five cigarettes or fraction of five cigarettes contained in any package, where the cigarettes are marked or stamped in accordance with the *Tobacco Tax Act*, R.S.N.B. 1973, c.T-7, to clearly indicate that the cigarettes are intended for retail sale in New Brunswick; and

(e) \$0.11638 for each five cigarettes or fraction of five cigarettes contained in any package, where

(i) the cigarettes are marked or stamped in accordance with the *Tobacco Tax Act*, R.S.N.S. 1989, c.470, to clearly indicate that the cigarettes are intended for retail sale in Nova Scotia and are delivered by the manufacturer or producer of the cigarettes to a wholesale vendor licensed as such under the *Health Tax Act*, R.S.P.E.I. 1988, c.H-3, and

(ii) the wholesale vendor certifies to the manufacturer or producer, in any form and manner authorized by the Minister of National Revenue, that the cigarettes are intended for retail sale in Prince Edward Island in accordance with the *Health Tax Act*, R.S.P.E.I. 1988, c.H-3.

2. That the excise tax on tobacco sticks be imposed at the following rates:

(a) \$0.00925 per tobacco stick where:

(i) the tobacco sticks are marked or stamped in accordance with the *Tobacco Tax Act*, R.S.O. 1990, c.T.10, to clearly indicate that the tobacco sticks are intended for retail sale in Ontario, or

(ii) the tobacco sticks are black stock delivered by the manufacturer or producer to a supplier who holds a permit under section 9 of the *Tobacco Tax Act*, R.S.O. 1990, c.T.10, to sell black stock cigarettes and the supplier certifies to the manufacturer or the producer, in any form and manner authorized by the Minister of National Revenue, that the tobacco sticks are intended for resale to on-reserve retailers in accordance with that Act;

(b) \$0.00925 per tobacco stick where the tobacco sticks are marked or stamped in accordance with the *Tobacco Tax Act*, R.S.Q. 1977, c.I-2, to clearly indicate that the tobacco sticks are intended for retail sale in Quebec;

(c) \$0.01265 per tobacco stick where the tobacco sticks are marked or stamped in accordance with the *Tobacco Tax Act*, R.S.N.B. 1973, c.T-7, to clearly indicate that the tobacco sticks are intended for retail sale in New Brunswick; and

(d) \$0.01465 per tobacco stick in any other case.

3. That the excise tax rebate payable to a wholesale vendor licensed under the *Health Tax Act*, R.S.P.E.I. 1988, c.H-3, in respect of the wholesale vendor's sales of tobacco sticks that are marked or stamped in accordance with the *Tobacco Tax Act*, R.S.N.S. 1989, c.470, to clearly indicate that the tobacco sticks are intended for retail sale in Nova Scotia, to a retail vendor licensed under the *Health Tax Act*, R.S.P.E.I. 1988, c.H-3, or to a consumer in Prince Edward Island for consumption by the consumer or by others at the expense of the consumer, be reduced to \$0.004 per tobacco stick.

4. That the excise tax imposed under subsection 23.341(1) of the *Excise Tax Act* on cigarettes and tobacco sticks that are marked or stamped in accordance with the *Tobacco Tax Act*, R.S.N.S. 1989, c.470, to clearly indicate that the cigarettes and tobacco sticks are intended for retail sale in Nova Scotia and to which any enactment founded on paragraph 3 of this motion applies, be equal to

(a) the excise tax that would have been imposed under section 23 of the *Excise Tax Act* in respect of the cigarettes and tobacco sticks if the applicable rates of excise tax were the rates set out in paragraphs 1(f) and 2(d) of Schedule II to the Act,

exceeds,

(b) the excise tax imposed at the rate of

(i) \$0.08513 per five cigarettes, in the case of cigarettes, and

(ii) \$0.01065 per tobacco stick, in the case of tobacco sticks.

5. That any enactment founded on paragraphs 1 to 4 of this motion be effective on and after February 14, 1998.

6. That interest be imposed on any increase in the amount of excise tax payable on tobacco products pursuant to any enactment founded on paragraphs 1 and 2 of this motion that is not remitted within the time within which it would have been required to have been remitted had that enactment been assented to February 14, 1998, calculated at the rate prescribed for purposes of the *Customs Act*, in the case of imported tobacco products, and at the rate prescribed for purposes of the *Excise Tax Act* in any other case.

Explanatory Note to Notice of Ways and Means Motion Respecting Amendments to the Excise Tax Act

This Notice of Ways and Means Motion gives notice of the Government's intention to introduce amendments to the *Excise Tax Act* to implement increases in the excise tax rates on cigarettes and tobacco sticks.

The motion proposes that the *Excise Tax Act* be amended to increase the rates of excise tax on cigarettes by \$0.60 per carton of 200 cigarettes intended for retail sale in Ontario, Quebec, Nova Scotia and Prince Edward Island, and by \$0.40 per 200 cigarettes intended for retail sale in New Brunswick.

The motion also proposes that the *Act* be amended to increase the rates of excise tax on tobacco sticks by \$1.52 per carton of 200 tobacco sticks intended for retail sale in Ontario and Quebec; by \$0.94 per 200 sticks intended for retail sale in Prince Edward Island; and by \$0.80 per 200 sticks intended for retail sale in other provinces and the territories.

The motion proposes that these amendments to the *Excise Tax Act* apply to cigarettes and tobacco sticks sold or imported on or after February 14, 1998.