

## Purchases And Sales Of Tobacco Products By Retail Dealers

*Tobacco Tax Act*

**Updated:** February 2004  
Change to authorization to sell  
tobacco

This bulletin outlines registration requirements for persons who sell tobacco products and the application of tax to these products.

All persons who sell tobacco products in British Columbia, including persons operating cigarette vending machines, must have a valid authorization issued by the Consumer Taxation Branch.

For the purposes of this bulletin, tobacco products are cigarettes, cigars, loose tobacco, snuff, raw leaf tobacco, or tobacco consumed in any other form.

The information in this bulletin is provided for your convenience and guidance and is not a replacement for the legislation. The *Tobacco Tax Act* and Regulations can be found on the web at [www.gov.bc.ca/sbr](http://www.gov.bc.ca/sbr)

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### WHOLESALE DEALERS

All persons who sell tobacco products at wholesale are required to obtain a *Wholesale Dealer Permit Pursuant to the Tobacco Tax Act* (FIN 393). For further information on tax obligations for wholesalers, please refer to [Bulletin TTA 004](#), *Wholesale Dealers – Security Payments, Exemptions, and Refunds* and [Bulletin TTA 006](#), *Tobacco Marking Program*.

Under the *Tobacco Tax Act*, wholesalers are responsible for collecting an amount equal to the tax due on the retail sale of the tobacco products they sell at wholesale, and for remitting this amount to the Minister of Finance.

### RETAIL DEALERS – REGISTRATION AND PERMITS

Persons who sell tobacco products at retail are required to hold a valid authorization under the Act. Retailers **who do not sell exempt** tobacco are

required to be registered as vendors and to have a valid *Certificate of Registration Pursuant to the Social Service Tax Act* (FIN 481).

Retailers located on reserves who wish to make exempt sales to First Nations purchasers must have a valid Exempt Sale Retail Dealer permit, issued under the *Tobacco Tax Act*. Please refer to [Bulletin TTA 001](#), *Exempt Sales Made by Retail Dealers (ESRDs)*, for further information on obtaining a permit and making such sales.

Under the *Tobacco Tax Act*, wholesalers are prohibited from selling tobacco products for resale to anyone who does not have a valid registration certificate or Exempt Sale Retail Dealer permit.

A vendor registration is not an authorization to sell tobacco if:

- the tobacco will be sold from the same location where a dealer's permit or authorization was previously cancelled, **and**
- the relationship between the vendor and the person whose authorization or permit was previously cancelled for that location is not at arm's length.

Persons proposing to sell tobacco from such locations are required to obtain written authorization from the Consumer Taxation Branch. In addition, they may be required to post a bond as security for the tax collectable on proposed tobacco sales.

## RETAIL DEALERS' PURCHASES

Under the Act, retail dealers are prohibited from acquiring tobacco for resale from wholesalers who do not hold a valid permit, unless the retail dealer has received authorization from the Consumer Taxation Branch.

When a retailer obtains resale stock of tobacco products from a wholesaler who holds a valid permit, the wholesaler will have accounted for the tax due. Therefore, the retailer is not required to remit tax on the subsequent retail sale of the tobacco products.

When a retailer obtains tobacco products from a supplier who does not hold a valid permit, the supplier will not have accounted for the tax. The retailer is therefore required to remit the tax due on the subsequent retail sale of the product. Within 20 days from the date of purchase, the retailer is required to report all such purchases and to remit the tax due to the Minister of Finance. If the retailer does not remit the tax, an assessment for a penalty in the amount of the tax due plus interest may be made.

To avoid penalty charges, unless otherwise authorized, retailers should ensure that they are purchasing their stock of tobacco products from a wholesaler who is in possession of a valid permit or who has obtained the tobacco from another wholesaler who holds a valid permit. Confirmation of the wholesaler's status as a permit holder under the *Tobacco Tax Act* may be obtained by contacting your local Consumer Taxation Branch office.

Please note: Under the *Tobacco Tax Act* Regulations it is an offence for a retailer to purchase resale stock of tobacco products from an Exempt Sale Retail Dealer (for example, a native Indian tobacco retailer).

Tax rates on tobacco products are set by the *Tobacco Tax Act*. Tobacco tax is calculated at a separate rate and must be remitted separately from social service tax. Please refer to [Bulletin TTA 005](#), *Tax Rates on Tobacco Products*, for tobacco tax rates. Tax remittance forms may be obtained from your local Consumer Taxation Branch office.

## NEED MORE INFO?

This bulletin is provided for convenience and guidance.

If you have any further questions, call us in Vancouver at 604 660-4524 or call toll-free at 1 877 388-4440, or e-mail your questions to [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca)

Information is also on the web at [www.gov.bc.ca/sbr](http://www.gov.bc.ca/sbr) While there, you can subscribe to our free electronic update service.