



**GOVERNMENT OF
NEWFOUNDLAND
AND LABRADOR**

**DEPARTMENT OF FINANCE
TAX ADMINISTRATION DIVISION**

**Bulletin No. Tob 410
Issue Date: August 2, 2002**

**TAX INFORMATION BULLETIN
TOBACCO TAX INCREASE
LABRADOR BORDER ZONES**

Effective August 2, 2002, the tobacco tax rates for Labrador West (Labrador City and Wabush) and Southern Labrador (from the Quebec border to the community of Red Bay) have been increased.

New tobacco tax rates in these zones apply as follows:

	General Tax Rate	Rebate Rate	Effective Tax Rate
Cigarettes (per cigarette)	13.5¢	6.4¢	7.1¢
Fine Cut Tobacco (per gram)	11.0¢	3.5¢	7.5¢

Retailers are required to pay the general tax rate of 13.5 ¢ per cigarette or 11 ¢ per gram of fine cut tobacco and apply for a rebate of the difference between the general rates and the Labrador border zone rates. Consumers pay the effective tax rate within the retail price of tobacco.

Tobacco tax rates in the border zones have been linked to the tax rates in Quebec since 1997. The reduced rates are similar to tobacco taxes in Quebec, and are designed to decrease cross-border shopping, and make businesses in the Labrador border zones more competitive with their Quebec neighbours. On June 18, 2002, tobacco tax rates on cigarettes and fine cut tobacco were increased in Quebec. As the tobacco tax rates in the Labrador border zones are tied to the Quebec rates, the tax rates in the Labrador border zones have been adjusted. These adjustments result in a 2.2¢ increase in tobacco tax per cigarette and per gram to tobacco.

The quota system in the Labrador border zones will remain in effect. The annual quota for cigarettes eligible for the rebate is 110,000 cartons in Labrador West and 16,000 cartons for Southern Labrador. The quota will continue to be delivered on a monthly basis.

Rebate claims should be submitted to the address below:

Department of Finance
Tax Administration Division
P.O. Box 8700, St. John's , NF A1B 4K1
Phone: (709) 729-6297
Fax: (709) 729-2856
email: taxadmin@mail.gov.nf.ca

Dis claimer: These bulletins are prepared as guidelines and interpretations of the statutes. Where a conflict between the bulletins and statutes arise, the statutes will take precedence.