

## Notice of Ways and Means Motion to Amend 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) \$0.05138 for each five cigarettes or fraction of five cigarettes contained in any package where the cigarettes

(i) 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) 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 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) \$0.04138 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) \$0.10138 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, that the cigarettes are intended for resale to designated retail vendors (as defined in subsection 23.36(1) of the *Excise Tax Act*);

(d) \$0.10138 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) \$0.10138 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, 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 intended for retail sale in New Brunswick be imposed at the rate of \$0.00865 per 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.

3. That the excise tax on manufactured tobacco, other than cigarettes and tobacco sticks, intended for retail sale in Nova Scotia, New Brunswick and Prince Edward Island be imposed at the rate of \$10.648 per kilogram.

4. 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 manufactured tobacco, other than tobacco sticks, that is marked or stamped in accordance with the *Tobacco Tax Act*, R.S.N.S. 1989, c. 470, to clearly indicate that the manufactured tobacco is 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 equal to

(a) \$0.00975 per cigarette; and

(b) \$2.70 per kilogram of manufactured tobacco, other than cigarettes and tobacco sticks.

5. 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 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, 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

(a) \$0.00625 per cigarette; and

(b) \$0.0047 per tobacco stick.

6. That the excise tax rebate payable, pursuant to any enactment founded on paragraph 4 of this motion, to a wholesale vendor licensed under the *Health Tax Act*, R.S.P.E.I. 1988, c. H-3, not be payable in respect of the wholesale vendor's sales of Nova Scotia manufactured tobacco, other than cigarettes and tobacco sticks.

7. 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 5 of this motion applies, be reduced to the amount by which

(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 rates of

(i) \$0.07013 per five cigarettes, in the case of cigarettes, and

(ii) \$0.00595 per tobacco stick, in the case of tobacco sticks.

8. That the excise tax imposed under subsection 23.341(1) of the *Excise Tax Act* not be payable in respect of Nova Scotia manufactured tobacco, other than cigarettes and tobacco sticks.

9. That the excise tax imposed on exported tobacco products not be payable in respect of tobacco products sold by the manufacturer or producer of the products to the operator of a foreign duty free shop for sale by the operator in that shop.

10. That where the excise tax on exported tobacco products has been paid in respect of tobacco products and evidence satisfactory to the Minister of National Revenue is provided to the Minister to establish that the products have been sold to the operator of a foreign duty free shop for sale by the operator in that shop, the Minister be authorized to pay an amount equal to the amount of the excise tax to the manufacturer or producer if the manufacturer or producer applies for the amount within two years of the tobacco products being exported.

11. That the provisions of section 74 of the *Excise Tax Act* apply in respect of applications made by a manufacturer or producer of tobacco products pursuant to any enactment founded on paragraph 10 of this motion.

12. That for the purposes of determining whether a tobacco product of a particular category is exempt from the excise tax on exported tobacco products pursuant to section 23.21 of the *Excise Tax Act*, total exports and total production of that category of tobacco product exclude the quantity of tobacco product in respect of which the excise tax was not payable by virtue of any enactment founded on paragraph 9 of this motion or was repaid by virtue of any enactment founded on paragraph 10 of this motion.

13. That any enactment founded on paragraphs 1 to 4 and 9 to 12 of this motion be effective on and after November 29, 1996.

14. That any enactment founded on paragraphs 5 to 8 of this motion be effective on and after December 12, 1996.

15. 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 to 3 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 November 29, 1996, 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.

16. That interest be imposed on any increase in the amount of excise tax payable on tobacco products pursuant to any enactment founded on paragraph 7 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 December 12, 1996, calculated at the rate prescribed for purposes of the *Excise Tax Act*.

## **Explanatory Note to Notice of Ways and Means Motion to Amend 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*. These amendments will implement increases in the excise tax rates on tobacco products intended for sale in Prince Edward Island.

It is proposed that the *Excise Tax Act* be amended to effectively increase the rates of excise tax on tobacco products for sale in Prince Edward Island by reducing the amount of the federal excise tax that is rebated to wholesale vendors licensed by Prince Edward Island in respect of their sales of Nova Scotia marked tobacco products to retail vendors licensed by Prince Edward Island. For cigarettes, the rebate will be reduced by \$0.70, from \$1.95 to \$1.25, per carton of 200, while for tobacco sticks the rebate will be reduced by \$0.54, from \$1.48 to \$0.94, per 200. The \$0.54 per 200 gram rebate in respect of manufactured tobacco, other than cigarettes and tobacco sticks, will be eliminated.

The proposed amendments to the *Excise Tax Act* will be effective on and after December 12, 1996.