
Excise duty framework for vaping products

In brief

This memorandum has been amended to change the quantity in field 29 and to correct the unit of measure in field 30 found in examples 1 and 2.

This memorandum provides information concerning the administration and enforcement under the *Excise Act, 2001* and under the *Customs Act*.

Legislation

[Canada Consumer Product Safety Act](#)

[Customs Act](#)

[Customs Sufferance Warehouses Regulations](#)

[Customs Tariff](#)

[Excise Act, 2001](#)

[Excise Tax Act](#)

[Food and Drugs Act](#)

[Food and Drug Regulations](#)

[Foreign Missions and International Organizations Act](#)

[Non-residents' Temporary Importation of Baggage and Conveyances Regulations](#)

[Regulations Respecting the Possession of Tobacco, Cannabis or Vaping Products That Are Not Stamped](#)

[Special Import Measures Act](#)

[Stamping and Marking of Tobacco, Cannabis and Vaping Products Regulations](#)

[Tobacco and Vaping Products Act](#)

Guidelines and general information

Date of effect

1. The excise duty framework for vaping products comes into effect on **October 1, 2022**.

Definitions

2. The following terms, defined under the *Excise Act, 2001* or related regulations, are used in this memorandum:

Accredited representative means a person who is entitled under the *Foreign Missions and International Organizations Act* to the tax exemptions specified in Article 34 of the Convention set out in Schedule I to that Act or in Article 49 of the Convention set out in Schedule II to that Act.

Container, in respect of a vaping product, a wrapper, package, carton, box, crate, bottle, vial or other container that contains the vaping product.

Immediate container, in respect of a vaping substance, means the container that is in direct contact with the vaping substance. It does not include a vaping device.

Manufacture includes, in respect of a vaping product, any step in the production of the vaping product, including inserting a vaping substance into a vaping device or packaging the vaping product.

Packaged means, in respect of a vaping product, packaged in a prescribed package.

Person means an individual, a partnership, a corporation, a trust, the estate of a deceased individual, a government or a body that is a society, a union, a club, an association, a commission or another organization of any kind.

Unit a unit of vaping products consists of 120 millilitres of vaping substance in liquid form, or 120 grams of vaping substance in solid form, within any combination of not more than 12 vaping devices and immediate containers, as per subsection 5.1(2) of the *Stamping and Marking of Tobacco, Cannabis and Vaping Products Regulations*.

Stamped means, in respect of a vaping product, that a vaping excise stamp, and all prescribed information in a prescribed format in respect of the vaping product, are stamped, impressed, printed or marked on, indented into or affixed to the vaping product or its container in the prescribed manner to indicate that duty has been paid on the vaping product.

Vaping device means property (other than prescribed property) that is

- (a) a device that produces emissions in the form of an aerosol and is intended to be brought to the mouth for inhalation of the aerosol;
- (b) a vaping pod or another part that may be used with a device referred to in paragraph (a); or
- (c) a prescribed property.

Vaping duty means a duty imposed under section 158.57 of the *Excise Act, 2001*.

Vaping excise stamp means a stamp that is issued by the Minister of National Revenue under subsection 158.36(1) of the *Excise Act, 2001*, and that has not been cancelled under section 158.4 of that Act.

Vaping product means

- (a) a vaping substance that is not contained within a vaping device; or
- (b) a vaping device that contains a vaping substance.

It does not include a cannabis product or a tobacco product.

Vaping product drug means a vaping product (other than a prescribed vaping product) that is

- (a) a drug that has been assigned a drug identification number under the *Food and Drug Regulations*; or
- (b) a prescribed vaping product.

Vaping product licensee means a person that holds a vaping product licence issued under section 14 of the *Excise Act, 2001*.

Vaping product marking means prescribed information that is required under the *Excise Act, 2001* to be printed on, or affixed to, a container of vaping products that are not required under this Act to be stamped.

Vaping substance means

- (a) a substance or mixture of substances, whether or not it contains nicotine, that is produced to be used, or sold for use, with a vaping device to produce emissions in the form of an aerosol; or
- (b) a prescribed substance, material or thing.

It does not include a prescribed substance, material or thing.

3. For more definitions of the terms found in this memorandum, refer to section 2 of the *Excise Act, 2001* and to subsection 2(1) of the *Customs Act*, at the links found in the [References](#) section of this memorandum.

Currencies

4. All amounts expressed in this memorandum are in Canadian dollars (CAD).

Health Canada - Compliance

5. Manufacturers, importers and sellers of vaping products must also comply with the *Tobacco and Vaping Products Act* and the *Canada Consumer Product Safety Act*. For more information, refer to Vaping compliance and enforcement, at the link found in the [References](#) section of this memorandum.

Scope of the excise duty framework for vaping products

6. The excise duty framework for vaping products applies on vaping products imported into Canada and intended for the Canadian duty-paid market, whether or not they contain nicotine.

7. A vaping product falls within the scope of the excise duty framework for vaping products if it meets the definition of a vaping product, as set out in section 2 of the *Excise Act, 2001*. Vaping products that do not meet this definition are not subject to the excise duty framework for vaping products. For example, vaping substances that contain tobacco or any cannabis and, reusable vaping devices (e.g., 'vaping pens') that do not contain a vaping substance, do not meet the definition of a vaping product. Therefore, those products are not subject to the excise duty framework for vaping products.

8. A person who manufactures vaping products in Canada, with the exception of manufacturing for its personal use, must apply for a vaping product licence to the Canada Revenue Agency (CRA). This licence, issued by the CRA, also allows for the importation of non-duty-paid (i.e., unstamped or unpackaged) vaping products into Canada intended for the Canadian duty-paid (i.e., stamped) market. Such persons must meet specific eligibility criteria to obtain a licence under the *Excise Act, 2001*.

9. A person who only imports packaged vaping products into the Canadian duty-paid market, and does not manufacture vaping products in Canada, must apply to the CRA to be a vaping prescribed person in order to obtain vaping excise stamps for their products.

10. Vaping product licensees and vaping prescribed persons are also required to register with the CRA for the vaping stamping regime. All vaping products entering the Canadian duty-paid market are required to be packaged with a vaping excise stamp affixed to the product.

11. A flow chart representing how the excise duty framework applies to the importation of vaping products is found in Annex 4 of this memorandum.

Transitional provisions

12. To facilitate the implementation, application, administration and enforcement of the excise duty framework for vaping products, Bill C-19, Budget Implementation Act, 2022, No. 1 includes transitional provisions related to the imposition and payment of vaping duty, the stamping of vaping products, and the possession of unstamped vaping products. The list of these transitional provisions are found in Annex 3 of this memorandum.

Licensing requirements

Vaping product licence

13. A person must apply to the CRA for a vaping product licence under subsection 158.35(1) of the *Excise Act, 2001* if they are manufacturing vaping products in Canada. This licence also allows a person who manufactures vaping products in Canada to import non-duty-paid vaping products into Canada intended for the Canadian duty-paid market for further manufacturing. Manufacturing includes any step in the production of the vaping product but does not include the stamping of the vaping product.

14. Upon meeting the eligibility criteria, the CRA will send a letter to the applicant to confirm their CRA vaping product licence approval and give them their new excise duty program account number.

15. For more information, refer to Excise Duty Notice EDN79, Obtaining and Renewing a Vaping Product Licence, at the link found in the [References](#) section of this memorandum.

Excise warehouse licence

16. A vaping product licensee who manufactures and imports vaping products in Canada for export or for sale to an accredited representative, also requires an excise warehouse licence. Under the *Excise Act, 2001*, vaping products manufactured or imported in Canada that are packaged but not stamped, must be immediately entered into the licensee's excise warehouse. For more information, refer to Excise Duty Notice EDN79, Obtaining and Renewing a Vaping Product Licence, at the link found in the [References](#) section of this memorandum.

Vaping product licence - exceptions

17. A person does not have to apply for a vaping product licence under the *Excise Act, 2001* if they
- are not manufacturing vaping products in Canada
 - are importing vaping products only for their personal use in quantities that do not exceed the prescribed limit of 5 units, as per section 5.1 of the *Stamping and Marking of Tobacco, Cannabis and Vaping Products Regulations*
 - are only importing stamped packaged vaping products into Canada (i.e., they do not manufacture vaping products in Canada). In such case, the person must apply to the CRA to be a vaping prescribed person (see below).
18. A vaping product licence is also not required if a person is strictly handling or selling stamped products (i.e., a warehouse distributor of duty-paid products, or a retail outlet) or strictly transporting vaping products in accordance with the *Excise Act, 2001*.

Vaping prescribed person

19. An importer who is not required to obtain a vaping product licence (as they do not manufacture vaping products in Canada and are only importing stamped packaged vaping products into Canada) is required to become a vaping prescribed person with the CRA in order to obtain vaping excise stamps. Upon meeting the eligibility criteria, the CRA will send a letter to the person to confirm they meet the conditions to be a vaping prescribed person and give them their new excise duty program account number.
20. For more information, refer to Excise Duty Notice EDN81, Becoming a Vaping Prescribed Person, at the link found in the [References](#) section of this memorandum.

Vaping prescribed person – exception

21. Under paragraph 158.47(2)(c) of the *Excise Act, 2001* and subsection 5.1(1) of the *Stamping and Marking of Tobacco, Cannabis and Vaping Products Regulations*, a person who imports vaping products for personal use in quantities that do not exceed the prescribed limit of 5 units, is not required to be a vaping prescribed person.

Registration for the vaping stamping regime

22. Under the *Excise Act, 2001*, the following persons are required to register for the vaping stamping regime in order to purchase vaping excise stamps in order to import packaged vaping products intended for the Canadian duty-paid market:
- a vaping product licensee who imports packaged vaping products intended for sale into the Canadian duty-paid market
 - a vaping prescribed person registered to get vaping excise stamps in order to import packaged vaping products into the Canadian duty-paid market
 - the last vaping product licensee who packages the vaping product for final retail sale into the Canadian duty-paid market

23. A person can register for the vaping stamping regime at the same time as they apply for a vaping product licence or for a vaping prescribed person registration under the *Excise Act, 2001*. The CRA will send the applicant a letter to confirm their registration and provide instructions on how to purchase stamps.

24. For more information, refer to Excise Duty Notice EDN80, Overview of Vaping Excise Stamps, at the link found in the [References](#) section of this memorandum.

Registration for the vaping stamping regime - exceptions

25. Under the *Excise Act, 2001*, the following persons are not required to register for the vaping stamping regime

- a vaping product licensee who packages only vaping products for export outside Canada
- a vaping product licensee who packages only vaping product drugs that have been assigned a drug identification number under the *Food and Drug Regulations*
- a vaping product licensee who packages only vaping products to be sold to an accredited representative (for a definition of “accredited representative”, refer to that Act)
- a vaping product licensee who does not package vaping products in the smallest package in which they are sold to the consumer
- a person who imports vaping products for personal use in quantities that do not exceed the prescribed limit of 5 units, as per section 5.1 of the *Stamping and Marking of Tobacco, Cannabis and Vaping Products Regulations*

26. For more information, refer to Excise Duty Notice EDN80, Overview of Vaping Excise Stamps, at the link found in the [References](#) section of this memorandum.

Vaping excise stamps – Order process

27. An importer must be approved by the CRA to purchase vaping excise stamps. If an importer also manufactures vaping products in Canada, they will be able to purchase vaping excise stamps to the CRA under their vaping product licence. If an importer is not also manufacturing vaping products in Canada, they must apply to become a vaping prescribed person and must purchase vaping excise stamps from the CRA. For more information, refer to Excise Duty Notice EDN80, Overview of Vaping Excise Stamps, at the link found in the References section of this memorandum.

Stamping of vaping products

28. All packaged vaping products entering the Canadian duty-paid market must bear a vaping excise stamp, unless one of the exceptions mentioned in the section Stamping of vaping products – exceptions of this memorandum applies.

29. As per section 158.47 of the *Excise Act, 2001*, vaping products that are being imported into Canada must be packaged and have a vaping excise stamp affixed to the products before they can be released under the *Customs Act* to enter the Canadian duty-paid market.

30. As per section 158.51 of the *Excise Act, 2001*, Non-Compliant Imports, if an imported vaping product intended for the Canadian duty-paid market is packaged and not stamped when it is being reported to the CBSA, it shall be placed in a sufferance warehouse for the purpose of being stamped by the importer or owner of the imported vaping product.

31. Section 4.2 of the *Stamping and Marking of Tobacco, Cannabis and Vaping Products Regulations* requires that the stamp be affixed:

- in a conspicuous place on the package
- in a manner that seals the package
- in a manner that the stamp remains affixed to the package after the package is opened
- in a manner that does not interfere with the stamp’s security features
- in a manner that does not obstruct any information required by or under an Act of Parliament to appear on that package

32. For more information, refer to Excise Duty Notice EDN80, Overview of Vaping Excise Stamps, at the link found in the References section of this memorandum.

Stamping of vaping products - exceptions

33. The following vaping products are not required to bear a vaping excise stamp:

- vaping products in an excise warehouse to be exported or sold to an accredited representative for their official or personal use

- vaping products that are vaping product drugs that are assigned a drug identification number under the *Food and Drug Regulations*
- vaping products that are re-imported by a vaping product licensee for re-work or destruction in a manner approved by the CRA
- vaping products that are imported by an individual for personal use within prescribed limits as per section 5.1 of the *Stamping and Marking of Tobacco, Cannabis and Vaping Products Regulations*
- vaping products that are imported by a vaping product licensee for further manufacturing by the licensee; in this situation, the vaping product would later be required to be stamped at the time of packaging if the product is intended to be entered into the Canadian duty-paid market

34. Vaping products intended for export or for sale to an accredited representative must immediately be marked as per Section 8 and Section 9 of the *Stamping and Marking of Tobacco, Cannabis, and Vaping Product Regulations*, and entered into an excise warehouse. For more information, refer to Excise duty Notice EDN79 Obtaining and Renewing a Vaping Product Licence, at the link found in the [References](#) section and to the section Warehouses of this memorandum.

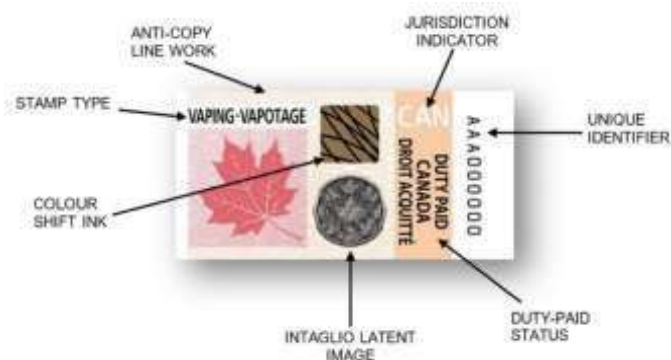
Unstamped vaping products

35. When imported packaged vaping products destined for the Canadian duty-paid market are not stamped in accordance with the *Excise Act, 2001* at the time of report to the CBSA, the products will either be:

- a. exported;
- b. abandoned to the Crown under section 36 of the *Customs Act*; or
- c. entered into a customs sufferance warehouse where the importer will stamp the vaping products. For more information, refer to the section Warehouses of this memorandum.

36. Special services charges will be applied when an officer is asked to verify that packages in a customs sufferance warehouse have been stamped in accordance with the *Stamping and Marking of Tobacco, Cannabis and Vaping Products Regulations*. For more information, refer to Memorandum D1-2-1, Special Services, at the link found in the References section of this memorandum.

Vaping excise stamp example



37. For more information, refer to Excise Duty Notice EDN80, Overview of Vaping Excise Stamps, at the link found in the References section of this memorandum.

Vaping duty payable

38. Vaping duty is imposed under section 158.57 of the *Excise Act, 2001* on vaping products manufactured in Canada or imported into Canada in the amount determined under Schedule 8 of that Act.

39. As per subsection 158.59 of the *Excise Act, 2001*, the vaping duty in respect of an imported vaping product shall be paid and collected under the *Customs Act*. In addition, interest and penalties are to be imposed, calculated, paid and collected under that Act, as if the tax were a customs duty levied on the vaping product under the *Customs Tariff*. The *Customs Act* applies with any modifications that the circumstances require.

40. In the case of imported vaping products, the importer, owner or other person who is liable under the *Customs Act* to pay duties levied under section 20 of the *Customs Tariff* is required to pay the duty imposed at the time of accounting to the CBSA. For more information, refer to the Report and accounting section of this memorandum.

Vaping duty relieved or not payable on importation – exceptions

41. There are limited circumstances where the vaping duty is relieved or not payable with respect to vaping products. The *Excise Act, 2001* provides exceptions where the vaping duty is relieved or not payable on importation of vaping products. Such exceptions are:

- **Duty relieved**

- **Vaping products imported by a vaping product licensee**

42. Subsection 158.47(2) provides that an imported vaping product is exempted from stamping or packaging before release under the *Customs Act* for entry into the Canadian duty-paid market if the product is imported by a vaping product licensee for further manufacturing by the licensee.

- **Importation/re-importation by an individual**

43. As per subsection 158.63 (1) of the *Excise Act, 2001*, the duties imposed under sections 158.57 and 158.58 of that Act are relieved on vaping products imported by an individual for their personal use if they were manufactured in Canada and are stamped, in quantities that do not exceed the prescribed limit of 5 units, as per section 5.1 of the *Stamping and Marking of Tobacco, Cannabis and Vaping Products Regulations*.

44. As per subsection 158.63 (2) of the *Excise Act, 2001*, the duties imposed under sections 158.57 and 158.58 of that Act are relieved on vaping products imported by an individual for their personal use if they were manufactured outside Canada, were previously imported into Canada and are stamped, in quantities that do not exceed the prescribed limit of 5 units, as per section 5.1 of the *Stamping and Marking of Tobacco, Cannabis and Vaping Products Regulations*.

45. The vaping duty is also relieved on vaping products imported by an individual for their personal use if they were manufactured outside Canada and are not stamped, in quantities that do not exceed the prescribed limit of 5 units, as per section 5.1 of the *Stamping and Marking of Tobacco, Cannabis and Vaping Products Regulations*.

- **Importation for re-working or destruction**

46. As per subsection 158.64 of the *Excise Act, 2001*, the duties imposed under paragraphs 158.57(b) and 158.58(b) of that Act are relieved on a stamped vaping product that was manufactured in Canada by a vaping product licensee and that is imported for re-working or destruction in accordance with section 158.53 of that Act.

- **Duty not payable**

47. Section 158.66 of the *Excise Act, 2001* provides for certain circumstances where the duty on vaping products is not payable, including vaping products that meet the definition of a vaping product drug.

Rates of vaping duty

48. The rates of vaping duty imposed on vaping liquids under section 158.57 of the *Excise Act, 2001* are:

- \$1 per 2 millilitres (mL), or fraction thereof, for the first 10 mL of vaping substance in the vaping device or immediate container
- \$1 per 10 mL, or fraction thereof, for amounts over the first 10 mL

49. The rates of vaping duty imposed on vaping solids under section 158.57 of the *Excise Act, 2001* are:

- \$1 per 2 grams (g), or fraction thereof, for the first 10 g of vaping substance in the vaping device or immediate container
- \$1 per 10 g, or fraction thereof, for amounts over the first 10 g

50. The vaping duty is calculated on the quantity of vaping substance contained in each individual device or immediate container, not on the total quantity contained in a package.

51. For more information, refer to Excise Duty Notice EDN82, Calculation of vaping duty, at the link found in the [References](#) section and to the Illustrative examples section of this memorandum.

Duties and taxes payable

52. All applicable duties and taxes related to customs (e.g. under the *Customs Tariff*, the *Excise Tax Act* or the *Special Import Measures Act*, etc.), inclusive of the GST/HST and of the provincial sales tax (if applicable), are payable in respect of the importation of a vaping product.

Value for tax

53. The value for tax of the vaping product is A in the formula + B in the formula :

A is the value of the vaping product as it would be determined under sections 48 to 53 of the *Customs Act* (i.e., value for duty)

+

B is any duties and taxes payable related to customs (e.g., under the *Customs Tariff*, the *Excise Act, 2001* or the *Special Import Measures Act*, etc.), other than the GST/HST and provincial sales tax.

GST/HST and provincial sales tax

54. The GST/HST is applicable to the value for tax of the vaping product (as per the rules set out in the *Excise Tax Act*) as calculated above.

55. When a provincial sales tax is applicable, it applies also to the value for tax of the vaping product. For more information, refer to Memorandum D17-1-22, Accounting for the Harmonized Sales Tax, Provincial Sales Tax, Provincial Tobacco Tax and Alcohol Markup/Fee on Casual Importations in the Courier and Commercial Streams, at the link found in the [References](#) section of this memorandum.

Illustrative examples

56. For examples on the calculation of the vaping duty and other duties and taxes, refer to Annex 2 of this memorandum.

Tariff classification numbers

57. A list of goods that may be subject to the excise duty framework for vaping products at the time of issuance of this memorandum, accompanied with their respective tariff classification numbers, can be found in [Annex 1](#) of this memorandum.

Rulings

58. The CBSA recommends that importers submit an application for a ruling if they have any doubt as to the origin, tariff classification or value for duty of goods. The procedures for obtaining a ruling are outlined in Memorandum D11-11-1, National Customs Rulings (NCR), Memorandum D11-11-3, Advance Rulings for Tariff Classification, and Memorandum D11-4-16, Advance Rulings Under Free Trade Agreements, at the links found in the References section of this memorandum.

Carriers

59. As per Section 1.4 of the *Regulations Respecting the Possession of Tobacco, Cannabis or Vaping Products*, the carrier transporting vaping products that are released from CBSA must have in their possession documentation that provides evidence that the person is transporting vaping products on behalf of a vaping product licensee, a vaping prescribed person, an excise warehouse licensee or an accredited representative. For more information, refer to the D Memoranda series : D3 – Transportation and to the *Regulations Respecting the Possession of Tobacco, Cannabis or Vaping Products*, at the links found in the References section of this memorandum.

CSA Importers

60. Vaping products are considered “eligible goods” for the purposes of CSA. RSF code 49435 (EXCISE TAX/DUTIES VAPING PRODUCTS) should be used in E648 CSA Revenue Summary Form. For more

information, refer to Memorandum D23-3-1, Customs Self-Assessment Program for Importers, at the link found in the [References](#) section of this memorandum.

Courier Low Value Shipment Program

61. Vaping products are regulated under the *Tobacco and Vaping Products Act*, *Canada Consumer Product Safety Act* and *Food and Drugs Act* and, therefore, are excluded from the CLVS Program. For more information, refer to Memorandum D17-4-0, Courier Low Value Shipment Program, at the link found in the [References](#) section of this memorandum.

Postal stream

62. Vaping products that are commercial goods or casual goods are eligible for importation in the postal stream. For more information, refer to Memorandum D5-1-1, International mail processing at the link found in the [References](#) section of this memorandum.

Travellers

63. For more information on duty and tax free importation and limits on importation of vaping products imported by the traveller (whether taxed or not), refer to the relevant memorandum in the D2 series, at the link found in the References section of this memorandum.

Reporting and accounting for vaping products

Commercial Goods

64. Reporting and accounting of vaping products that are commercial goods where the vaping duty is, or is not, payable on importation, is made in the same way and within the same prescribed time that customs duties and other taxes are, or are not, payable. Commercial goods means goods imported into Canada for sale or for any commercial, industrial, occupational, institutional or other like use.

65. Importers of vaping products must ensure that the appropriate and valid CRA endorsement is available when requested by the CBSA at time of report.

66. When requested, the valid CRA vaping licence number or the letter of endorsement must be provided to the CBSA.

67. When the proof of the valid CRA vaping licence number or the letter of endorsement cannot be provided to the CBSA upon request, the vaping products may have to be exported, abandoned to the Crown or destroyed.

68. When accounting for vaping products, the importer should complete the B3, using the same method as it would normally. This includes correctly determining the proper classification number and calculating the regular duties and taxes on the same B3 line. If provincial taxes are applicable, this will be calculated on a separate line, as per the normal procedures outlined in Memorandum D17-1-22, Accounting for the Harmonized Sales Tax, Provincial Sales Tax, Provincial Tobacco Tax and Alcohol Markup/Fee on Casual Importations in the Courier and Commercial Streams, at the link found in the [References](#) section of this memorandum.

69. An importer must pay all customs duties, GST/HST and vaping duty at the time of accounting (deferral of the amount equivalent to vaping duty is not allowed for vaping products). For more information, refer to the Duties and taxes calculation section of this memorandum.

70. The CBSA may require supporting documentation for the importation of a vaping product meeting conditions from one of the exceptions mentioned above that is claimed by the importer. If, at the time of accounting of the products (i.e., when the products have been released from the CBSA), the required supporting document is not valid or is not provided to the CBSA when required, in respect of the particular importation, and that the vaping duty would be payable in the absence of such proof, then the vaping duty would apply.

Vaping duty payable on importation

71. To account for vaping products where the vaping duty is payable on importation, the importer must insert the correct tariff classification number on a single line for the goods and include the appropriate excise tax code in field 34. This code is based whether the goods are a liquid (ml) or solid vaping product (g) (see table below for a

list of applicable excise tax codes when the vaping duty is payable). The vaping duty amount is manually calculated and entered in field 40.

Vaping duty payable	Excise tax code
Liquid vaping products (ml)	46
Solid vaping products (g)	47

Example 1

The B3 example below shows a commercial importation of a 30-gram bottle of solid vaping product that has a value for duty of \$50.

21 LINE 1	22 DESCRIPTION VAPING PRODUCTS/PRODUITS DE VAPOTAGE	23 WEIGHT / KGM POIDS / KGM	24 PREVIOUS TRANSACTION - TRANSACTION ANTERIEURE NUMERO - NUMERO	25 SPECIAL AUTHORITY AUTORISATION SPECIALE
27 CLASSIFICATION NO. N° DE CLASSEMENT 2404190000	28 TARIFF CODE TARIFAIRE 0.030	29 QUANTITY QUANTITE KGM	31 VPO CODE CODE DE LMS 0.00000	32 SIMA CODE CODE DE LMS 47.00000
33 RATE OF DUTY TAUX DE DROIT DE DOUANE 5.00	34 E.T. RATE TAUX T.A. 57.00	35 RATE OF GST TAUX DE TPS 2.85	36 VALUE FOR CURRENCY CONVERSION CONVERSION VALEUR POUR CHANGE 50.00	37 VALUE FOR DUTY VALEUR EN DOUANE 50.00
38 CUSTOMS DUTIES DROITS DE DOUANE 0.00	39 SIMA ASSESSMENT COTISATION DE LMSI	40 EXCISE TAX TAUX D'ACCISE 7.00	41 VALUE FOR TAX VALEUR POUR TAXE 57.00	42 GST TPS 2.85

Vaping duty relieved or not payable on importation

72. To account for vaping products where the importer or goods meet the conditions of one of the exceptions mentioned in the Vaping duty relieved or not payable on importation section above, the importer must insert the correct tariff classification number on a single line for the goods and include the appropriate excise tax code in field 34. This code is based on the exception being claimed and indicates why the vaping duty is not payable (see table below for a list of applicable excise tax codes when an exception is being claimed). The vaping duty amount is entered as \$0 in field 40.

Vaping duty exceptions	Excise tax code
imported by a VPL	80
vaping product drug	81
personal importation within the prescribed limit	82

Note: For the purposes of the table above, VPL means Vaping product licensee

Example 2

The B3 example below is a commercial importation of a 30-gram bottle of vaping solid that has a value for duty of \$50. In this example, the product is unstamped, unpackaged and imported by a vaping product licensee for further manufacturing. Excise tax code 80 is entered in field 34 to indicate this and relieves the vaping duty.

21 LINE 1	22 DESCRIPTION VAPING PRODUCTS/PRODUITS DE VAPOTAGE	23 WEIGHT / KGM POIDS / KGM	24 PREVIOUS TRANSACTION - TRANSACTION ANTERIEURE NUMERO - NUMERO	25 SPECIAL AUTHORITY AUTORISATION SPECIALE
27 CLASSIFICATION NO. N° DE CLASSEMENT 2404190000	28 TARIFF CODE TARIFAIRE 0.030	29 QUANTITY QUANTITE KGM	31 VPO CODE CODE DE LMS 0.00000	32 SIMA CODE CODE DE LMS 80.00000
33 RATE OF DUTY TAUX DE DROIT DE DOUANE 5.00	34 E.T. RATE TAUX T.A. 50.00	35 RATE OF GST TAUX DE TPS 2.50	36 VALUE FOR CURRENCY CONVERSION CONVERSION VALEUR POUR CHANGE 50.00	37 VALUE FOR DUTY VALEUR EN DOUANE 50.00
38 CUSTOMS DUTIES DROITS DE DOUANE 0.00	39 SIMA ASSESSMENT COTISATION DE LMSI	40 EXCISE TAX TAUX D'ACCISE 0.00	41 VALUE FOR TAX VALEUR POUR TAXE 50.00	42 GST TPS 2.50

73. When required to account for unstamped vaping products intended for export, or for sale to accredited representatives, the excise warehouse licence number, must be input in field 26 of the B3-3 Canada Customs Coding Form. The required excise warehouse licence format that must be submitted is either 99-XXX-99999 or 99-XX-99999. All digits must be input in the special authority field 26 of the B3-3 Canada Customs Coding Form. For example, if the licence is 99-EWL-1 then the number to go in the special authority field is 99-EWL-00001.

74. The following information pertains to Customs Sufferance Warehouse, Customs Bonded Warehouses and Excise Warehouses as follows:

- **Customs Sufferance Warehouse**

75. Unstamped packaged vaping products, imported for the Canadian duty-paid market, must be stamped before release by the CBSA. Where packaged vaping products are not stamped when reported to the CBSA under the *Customs Act*, they shall either be exported, abandoned or placed in a customs sufferance warehouse to be stamped.

76. Importers can apply to the CBSA to obtain their own customs sufferance warehouse licence. Applicants must meet all regulatory requirements set out in the *Customs Sufferance Warehouse Regulations* in order to be issued a customs sufferance warehouse licence. However, a customs sufferance warehouse licence will not be issued to applicants seeking to only stamp vaping products in the warehouse facility.

77. Unstamped packaged vaping products can also be delivered to an existing customs sufferance warehouse in accordance with mode of transport.

78. For more information, refer to Memorandum D4-1-4, Customs Sufferance Warehouses, at the link found in the References section of this memorandum.

- Storage of vaping products in a customs sufferance warehouse

79. Vaping products constitute a prescribed class of goods that are forfeited if they are not removed from a customs sufferance warehouse within 14 days after they were reported to the CBSA under section 12 of the *Customs Act*. For more information, refer to the *Customs Sufferance Warehouses Regulations* and to Memorandum D4-1-7, Extension of Time Limits for the Storage of Goods, at the links found in the References section of this memorandum.

- **Customs Bonded Warehouse**

80. Only imported unstamped and marked vaping products can enter a customs bonded warehouse and, exclusively for export, or for sale to accredited representatives. For more information, refer to Memorandum D7-4-4, Customs Bonded Warehouses, at the link found in the [References](#) section of this memorandum.

- **Excise Warehouse**

81. An excise warehouse does not allow for the deferral of vaping duty.

82. Only imported packaged, unstamped and marked vaping products can enter an excise warehouse and, exclusively for export, for sale to accredited representatives, or to be delivered to another excise warehouse (not be destined for the Canadian duty-paid market).

83. Imported vaping products cannot be removed from an excise warehouse for re-work or destruction.

84. The excise warehouse licence number must be indicated on the customs reporting documentation at the time the imported goods are reported to the CBSA to obtain release under the *Customs Act*. These goods must be entered into the excise warehouse immediately after release from the CBSA. It is not possible to obtain a refund of the amount equivalent to excise duty using the excise warehouse licence number after final accounting to the CBSA.

Casual goods (non-commercial)

85. The accounting of vaping products which are casual goods follows the same process as any other casual goods. Casual goods means goods imported into Canada other than commercial goods. Importers should be prepared to present on demand to the officer, any relevant documentation, as would be the case for any other goods. Officers will determine if the vaping duty is applicable and proceed with the necessary calculations. For more information, refer to Memorandum D17-1-3, Casual Importations and to the relevant memorandum in the D Memoranda series : D2 – International Travel, at the links found in the [References](#) section and to the Duties and taxes calculation section of this memorandum.

Additional information on report and accounting

86. For more information regarding the report and the accounting for commercial goods and for casual goods (non-commercial), refer to D Memoranda series : D17 - Accounting and Release Procedures, at the link found in the [References](#) section of this memorandum.

Return and sale of vaping products

87. Section 117 of the *Customs Act* does not allow the return of vaping products unless the goods were seized in error.

88. Section 119.1 of the *Customs Act* allows the Minister to sell forfeited vaping products to a person with the appropriate license under the *Excise Act, 2001*.

Reporting and remitting the vaping duty to CRA

89. All vaping product licensees must file monthly returns to report their manufacturing activities (including inventories) and, if applicable, duty payable.

90. Vaping prescribed person who imports packaged vaping products are required to file Form B601, Vaping Information Return – Prescribed Person monthly to report inventory and usage of vaping excise stamps.

91. For more information, refer to Reporting and remitting the vaping duty, at the link found in the [References](#) section of this memorandum.

Correction, refund, drawback, re-determination and further re-determination

92. The obligation to make a correction to the incorrect declaration starts when the importer has reason to believe that a declaration of origin, tariff classification or value for duty is incorrect. The prescribed 90 -day period to make a correction pursuant to section 32.2 of the *Customs Act* starts on the date that the importer has, or was deemed to have had, specific information that a declaration is incorrect. Failure to correct incorrect declarations may result in the assessment of an Administrative Monetary Penalty (AMP) and interest. For more information, refer to the Administration and enforcement section of this memorandum.

93. Corrections to declarations and requests for refunds are to be made on Form B2, Canada Customs Adjustment Request in the manner under the relevant provisions of the *Customs Act*, in accordance with the procedures outlined in Memorandum D11-6-6, “Reason to Believe” and Self-Adjustments to Declarations of Origin, Tariff Classification, and Value for Duty, Memorandum D6-2-3, Refund of Duties, and D17-2-1, The Coding, Submission and Processing of Form B2 Canada Customs Adjustment Request, at the links found in the [References](#) section of this memorandum.

94. Where an amount of vaping duty on commercial goods is to be refunded to the importer or is to be paid to the CBSA, the CBSA will issue a Form B2-1, Canada Customs – Detailed Adjustment Statement (DAS), which serves as a notice of refund or assessment, in response to an adjustment request, or in response to a review or re-determination initiated by the CBSA.

95. Drawback is available for customs duty and vaping duty when imported vaping products released from the CBSA are duty-paid and are exported, or are sold to accredited representatives. A drawback claim, accompanied by waivers (since either the importer or exporter can claim but not both), can be filed with the CBSA. There can be no drawback of the amount equivalent to excise levied under the *Customs Tariff* when this amount has been paid under the *Excise Act, 2001* (e.g. entered into an excise warehouse immediately after release from CBSA). For more information, refer to Memorandum D7-4-2, Duty Drawback Program, at the link found in the [References](#) section of this memorandum.

96. Where there is overpayment of vaping duty on casual goods that was paid to the CBSA, an importer may submit Form B2G, CBSA Informal Adjustment Request to the appropriate CBSA Casual Refund Centre to request refund of the amount overpaid. For more information, refer to Memorandum D6-2-6, Refund of Duties and Taxes on Non-commercial Importations, at the link found in the [References](#) section of this memorandum.

97. The CBSA may re-determine or further re-determine the origin, tariff classification or value for duty on its own initiative or in response to an adjustment request. In so doing, as with customs duties and taxes, the CBSA may assess any undeclared amount of vaping duty.

Review

98. Following a determination, Re-determination or further Re-determination of the origin, tariff classification or value for duty made by the CBSA, an importer may request a re-determination or further re-determination of origin, tariff classification, value for duty under the *Customs Act*. For more information, refer to Memorandum

D11-6-7, Request under Section 60 of the Act for a Re-determination, a further Re-determination or a Review by the President of the Canada Border Services Agency, at the link found in the [References](#) section of this memorandum.

Keeping records

99. Every vaping product licensee and vaping prescribed person is required, under subsection 206(1) of the *Excise Act, 2001*, to maintain all records that are necessary to determine whether they are in compliance with that Act. This includes the amount of vaping products manufactured, received, used, packaged, sold and disposed of. Records must also support the information reported in respect of the possession and use of any vaping excise stamps issued.

100. Records must be kept for a period of at least six years from the end of the last year to which they relate.

101. For more information, refer to Excise Duty Memorandum EDM9-1-1, General Requirements for Books and Records, at the link found in the [References](#) section of this memorandum.

Administration and enforcement

102. The *Customs Act* legislative and administrative framework for importing and accounting including penalties, interest and enforcement action, will apply to vaping products until the time of release and to final accounting to the CBSA. After release from the CBSA, the provisions of the *Excise Act, 2001* will apply as if the goods were domestic goods.

103. The *Excise Act, 2001* provides penalties for different circumstances of non-compliance related to the vaping duty and the vaping stamping regime. For more information, refer to the *Excise Act, 2001*, at the link found in the [References](#) section of this memorandum.

104. Importations may be subject to examination at the time of importation and to post-release verification for compliance with the Origin, Tariff Classification, Value for duty, and Marking programs, and any other applicable programs or provisions administered by the CBSA. If non-compliance is encountered by the CBSA, in addition to assessments of any applicable duties and taxes, penalties may be imposed and interest will be assessed, where applicable.

105. For more information, refer to Memorandum D11-6-5, Interest and Penalty Provisions: Determinations/Re-determinations, Appraisals/Re-appraisals, and Duty Relief, Memorandum D22-1-1, Administrative Monetary Penalty System, and the *Customs Act*, at the links found in the [References](#) section of this memorandum.

Additional information

106. For more information, call contact the [CBSA Border Information Service](#) (BIS):

Calls within Canada & the United States (toll free): **1-800-461-9999**

Calls outside Canada & the United States (long distance charges apply):

1-204-983-3550 or 1-506-636-5064

TTY: **1-866-335-3237**

[Contact Us online](#) (webform)

[Contact Us](#) at the CBSA website

107. For more information on the use of the CARM Client Portal in terms of advance rulings, refer to the [Onboarding documentation](#) into the [CARM Client Portal](#). If further assistance is required, contact the CARM Client Support Help Desk (CCSH) by completing the [Web form](#).

108. For more information on how to register with CRA, refer to [How to register for a business number or Canada Revenue Agency program accounts](#).

109. For more information on the vaping excise duty framework, refer to [Excise duty for vaping products - Canada.ca](#)

Annex 1

HS Reference list: Goods that may be subject to the vaping duty and to the vaping excise stamp. For the most up to date classification numbers, refer to : <https://www.cbsa-asfc.gc.ca/trade-commerce/tariff-tarif/menu-eng.html>

Vaping products	Tariff Classification
Vaping products that are vaping devices that contain vaping substances	2404.12.00.00 – disposable, with vaping substance included that contains no tobacco but contains nicotine 2404.19.00.00 – disposable, with vaping substance included that contains no tobacco and no nicotine 8543.40.00.10 – reusable, with vaping substance included that contains nicotine 8543.40.00.90 – reusable, with vaping substance included that contains no nicotine
Vaping products that are vaping substances in immediate containers	2404.12.00.00 – without tobacco but with nicotine 2404.19.00.00 – without tobacco or nicotine
Vaping products that are vaping substances not in any vaping device or immediate container	2404.12.00.00 – without tobacco but with nicotine 2404.19.00.00 – without tobacco or nicotine
Are not subject to the vaping excise duty framework	Tariff Classification
Vaping substance that contains tobacco Vaping substance that includes any cannabis Vaping device without any vaping substance	2404.11.00.00 – containing tobacco 2404.19.00.00 – without tobacco or nicotine but containing any substances from cannabis 8543.40.00.90 – reusable, empty

Annex 2

Examples of calculation of amounts of customs duty, vaping duty and GST

Example 1 – importation of commercial goods

A package containing 4 pods, with each pod containing 1.5 mL of vaping liquid	
Value for duty (VFD)	\$40
Customs duty (such products are duty-free)	\$0
Vaping duty @ \$1 per 2 millilitres (mL), or fraction thereof, for the first 10 mL of vaping substance (\$1 X 4 pods of 1.5mL each)	\$4
Amounts payable - summary	
Customs duties	\$0
Vaping duty	\$4
Sub-total (value for tax)	\$44
GST	\$2.20
Total amount of duties and taxes	\$6.20

Note: The vaping duty is calculated on the quantity of vaping liquid contained in each individual pod, not on the total volume contained in the package.

Example 2 – importation of commercial goods

A 30 grams bottle of vaping solid	
Value for duty (VFD)	\$50
Customs duty (such products are duty-free)	\$0
Vaping duty @ \$1 per 2 grams (g), or fraction thereof, for the first 10 g of vaping substance, and \$1 per 10 g, or fraction thereof for amounts over the first 10 g (\$5 for the first 10 g plus \$2 for the next 20 g)	\$7
Amounts payable - summary	
Customs duties	\$0
Vaping duty amount	\$7
Sub-total (value for tax)	\$57
GST	\$2.85
Total amount of duties and taxes	\$9.85

Annex 3

Transitional Provisions

Imposition and payment of vaping duty

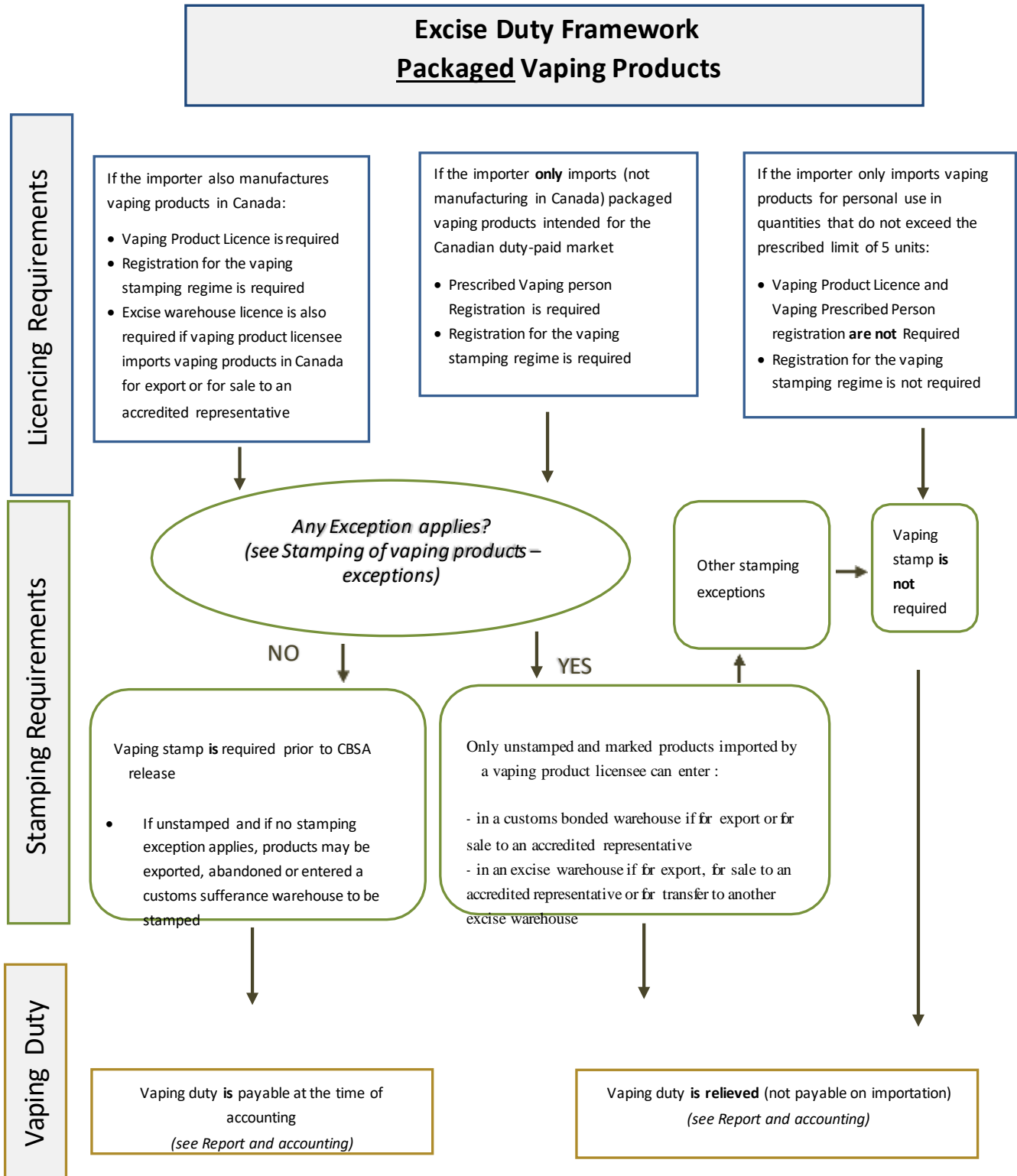
Vaping duty is imposed under section 158.57 of the *Excise Act, 2001* on vaping products that are imported into Canada on or after October 1, 2022. The vaping duty on imported products is payable to the CBSA at the time of accounting.

If a packaged vaping product is imported into Canada before October 1, 2022, and is already stamped at the time it is reported under the *Customs Act*, the duty is imposed and payable at the time of accounting and is paid to the CBSA.

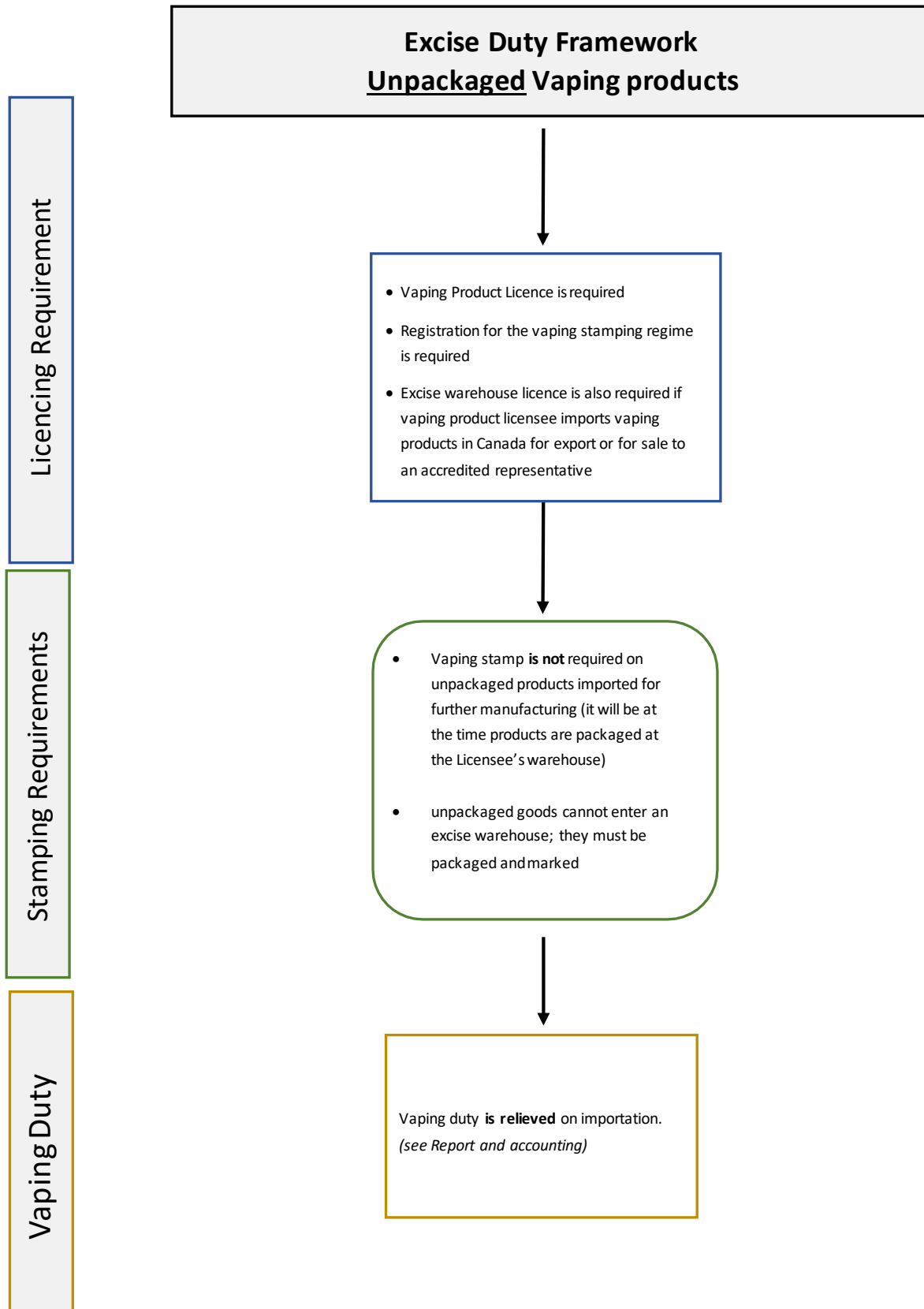
Stamping requirements for vaping products

Packaged vaping products that are imported on or after October 1, 2022 for entry into the duty-paid market are required to be stamped.

Annex 4 - Flow chart - Excise duty framework for the importation of vaping products



Annex 4 - Flow chart - Excise duty framework for the importation of vaping products



References	
Issuing Office	
Headquarters File	
Legislative References	<p><u>Canada Consumer Product Safety Act</u> <u>Customs Act</u> <u>Customs Sufferance Warehouses Regulations</u> <u>Customs Tariff</u> <u>Excise Act, 2001</u> <u>Excise Tax Act</u> <u>Food and Drugs Act</u> <u>Food and Drug Regulations</u> <u>Foreign Missions and International Organizations Act</u> <u>Non-residents' Temporary Importation of Baggage and Conveyances Regulations</u> <u>Regulations Respecting the Possession of Tobacco, Cannabis or Vaping Products That Are Not Stamped</u> <u>Special Import Measures Act</u> <u>Stamping and Marking of Tobacco, Cannabis and Vaping Products Regulations</u> <u>Tobacco and Vaping Products Act</u></p>
Other References	<p><u>D1-2-1</u> <u>D2 series</u> <u>D3 series</u> <u>D4-1-4, D4-1-7</u> <u>D5-1-1</u> <u>D6-2-3, D6-2-6</u> <u>D7-4-2, D7-4-4</u> <u>D11-4-16, D11-6-5, D11-6-6, D11-6-7, D11-11-1, D11-11-3</u> <u>D17-1-3, D17 series, D17-2-1, D17-1-22, D17-4-0</u> <u>D22-1-1</u> <u>D23-3-1</u></p> <p><u>Form B2, Form B2G, Form B3-3</u> <u>Applying for a vaping product licence</u> <u>Excise Duty Notice EDN79, Obtaining and Renewing a Vaping Product Licence</u> <u>Excise Duty Notice EDN80, Overview of Vaping Excise Stamps</u> <u>Excise Duty Notice EDN81, Becoming a Vaping Prescribed Person</u> <u>Excise Duty Notice EDN82, Calculation of vaping duty</u> <u>Excise Duty Memorandum EDM9-1-1, General Requirements for Books and Records</u> <u>Form L601, Registration for Vaping Stamping Regime</u> <u>Reporting and remitting the vaping duty</u> <u>Vaping compliance and enforcement</u></p>
Superseded Memorandum D	N/A