April 15, 2019

Re: Tobacco Excise Tax

Dear Janice,

I hope this finds well. Following our conversation last week, I’d like to provide you with a summary of the tobacco taxes that are charged at the point-of-purchase.

**The new rates for special duty on imported manufactured tobacco delivered to a duty free shop is approximately $24.38 per carton up 53 cents from the current $23.85. This rate is adjusted to inflation on a yearly basis and is payable as of April 1st.**

The CRA has published the adjusted rates effective April 1st based on the average annual changes to the inflation. See the link below for a summary of the tobacco taxes from the CRA.

EDN58-Adjusted Rates of Excise Duty on Tobacco Products, effective April 1, 2019

<https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/edn58/adjusted-rates-excise-duty-tobacco-products.html>

The CRA has also published adjusted rates for the Cigarette Inventory Tax for 2019. Under Excise Tax Act, the inventory tax applies to duty-paid, special duty‑paid cigarettes and imported unstamped cigarettes on which special duty was paid by a duty-free shop, that remain in inventory on April 1 each year with some exceptions. Retailers holding 30,000 cigarettes or less are not liable to report or pay the inventory tax. **The cigarette inventory tax for April 1, 2019 is $0.00262 per cigarette or $0.524 per carton.**

**EDN59-Cigarette Inventory Tax, effective April 1, 2019**

[**https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/edn59/cigarette-inventory-tax.html**](https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/edn59/cigarette-inventory-tax.html)

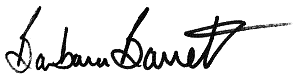
**Form B273- Excise return Cigarette inventory tax**

[**https://www.canada.ca/content/dam/cra-arc/formspubs/pbg/b273/b273-19e.pdf**](https://www.canada.ca/content/dam/cra-arc/formspubs/pbg/b273/b273-19e.pdf)

I strongly encourage you familiarize yourself with the taxes on tobacco products. Compliance with these tax regulations is important not only to the integrity of your own business, but also to the integrity of the entire industry.

Please do not hesitate to contact me should you have any questions.

Regards,



Barbara Barrett

Executive Director

Email: [bbarrett@fdfa.ca](mailto:bbarrett@fdfa.ca) [*www.fdfa.ca*](http://www.fdfa.ca)