

## Memorandum

**To:** FDFA Members  
**From:** Barbara Barrett, Executive Director  
**Subject:** Member Update: Tobacco excise duty increase, effective April 1, 2019  
**Date:** March 21, 2019

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Budget 2018 introduced inflationary adjustments for tobacco excise duty annually rather than every five years, as was done in the past. To ensure consistency in the excise framework, inflationary adjustments will take effect on April 1 of every year, starting this year. The annual adjustment does not apply to the excise duty rate on raw leaf tobacco or to the special duty rates on stamped tobacco products. The CRA has published the adjusted rates effective April 1<sup>st</sup> based on the average annual changes to the Consumer Price Index Inflation.

**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.** That's with inflation estimated at approximately 2.25% on average last year. Our office has been in contact with the CRA to confirm these rates. The new rates become payable as of April 1<sup>st</sup>.

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.**

2019 version of Form B273— Cigarette Inventory Tax Excise Return, is not available yet. CRA has indicated that they will share the form with our office as soon as it becomes public. We will send it to the members at that point. Both Form B273 and cigarette inventory tax are due no later than May 31, 2019.

We encourage all members to familiarize themselves with the upcoming changes. Those members with questions can consult the CRA notices below or contact Oumar Dicko at [oumar@impactcanada.com](mailto:oumar@impactcanada.com) or 613-233-8906.

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>

EDN59-Cigarette Inventory Tax, effective April 1, 2019  
<https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/edn59/cigarette-inventory-tax.html>

Regards,



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