

Excise Duty Memoranda Series

10.1.2 Completing an Excise Duty Return – Duty Free Shop

August 2003

Overview

This memorandum provides line-by-line instructions on how to complete form B261, *Excise Duty Return – Duty Free Shop*, required to be filed monthly by duty free shop licensees under the *Excise Act, 2001* (the “Act”). It also provides information on when and where to file the return.

Disclaimer

The information in this memorandum does not replace the law found in the Act and its Regulations. It is provided for your reference. As it may not completely address your situation, you may wish to refer to the Act or its Regulations, or contact any Canada Customs and Revenue Agency (CCRA) tax services office for additional information.

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General

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1. The Act provides for a separate excise duty licence to be issued to a person who is licensed under the *Customs Act* to operate a duty free shop. The excise duty licence authorizes the person to possess and sell, in their duty free shop, imported manufactured tobacco that is subject to special duty under the Act.

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La version française de ce document est intitulée *Comment remplir une déclaration des droits d'accise – Boutique hors taxes*.



Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

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- Rates of special duty Schedule 3, s 1
2. The following rates are used to calculate the amount of special duty payable:
 - \$0.075 per cigarette, in the case of cigarettes;
 - \$0.055 per stick, in the case of tobacco sticks; and
 - \$0.05 per gram, in the case of manufactured tobacco other than cigarettes or tobacco sticks.
 3. Excise Duty Memorandum 7.1.4, *Duty Free Shop Operators*, provides an overview of the obligations and entitlements of duty free shop licensees.
 4. Include on this excise duty return only information that applies to the fiscal month for which you are filing, and only complete the lines of the return that apply to you. Indicate NIL on the lines that do not apply to you.

Line-by-line instructions

Identification of licensee

- Identification
5. The top left portion of the return is used to identify the duty free shop licensee. Enter the full legal name, trading name (if different from the legal name) and mailing address of the licensee.
- Field 1 – Business Number**
6. Enter your 9-digit Business Number (BN), 2-letter (RD) program identifier, and 4-digit program account number.
- Field 2 – Period covered**
7. Enter the fiscal month covered by this return. The dates should be entered in the order year / month / day.
- Field 3 – Due date of return**
8. The due date for an excise duty return is the last day of the fiscal month following each fiscal month of a licensee. Enter this date for the fiscal month for which you are filing. The due date should be entered in the order year / month / day.

Description – add any missing descriptions

- Line 4 – Cigarettes**
9. Under the heading “Quantity”, enter the number of cigarettes received. Calculate the amount of special duty payable and enter the result under “Duty payable” on line 4.
- Line 5 – Tobacco sticks**
10. Under the heading “Quantity”, enter the number of tobacco sticks received. Calculate the amount of special duty payable and enter the result under “Duty payable” on line 5.
- Line 6 – Manufactured tobacco**
11. Under the heading “Quantity”, enter the number of grams of manufactured tobacco received. Calculate the amount of special duty payable and enter the result under “Duty payable” on line 6.
- Line 7 – Total (lines 4 to 6)**
12. Add the amounts of “Duty payable” from lines 4, 5 and 6 and enter the total on line 7.

Authorized deduction / refund

- Lines 8, 9 and 10**
OR
Line 13
13. There are different ways to claim an excise duty refund.
- (a) Claim the total refund(s) on your monthly return:
- by recording the quantities on lines 8, 9, and 10 for any refunds; or
 - by recording the total refund on line 13 and attaching form B256, *General Application for Refund of Excise Duty Under the Excise Act, 2001*;
- or
- (b) Submit form B256, *General Application for Refund of Excise Duty Under the Excise Act, 2001*, separately from this return.
14. If you claim refunds on line 8, 9, or 10 of this return, do not include them on line 13, and do not include them on form B256, *General Application for Refund of Excise Duty Under the Excise Act, 2001*.
15. If you have already filed your refund claim separately, do not record any of that information on this return.
16. If you expect a refund from a previous fiscal month, but have not yet received it, do not include that information on this return.
- Line 8 –**
Cigarettes
17. Enter the number of cigarettes sold to non-resident individuals who have exported them for their personal use (not to exceed 200 cigarettes per individual). Calculate the amount of special duty refundable and enter the result under “Deduction / refund” on line 8.
- Line 9 –**
Tobacco sticks
18. Enter the number of tobacco sticks sold to non-resident individuals who have exported them for their personal use (not to exceed 200 tobacco sticks per individual). Calculate the amount of special duty refundable and enter the result under “Deduction / refund” on line 9.
- Line 10 –**
Manufactured tobacco
19. Enter the number of grams of manufactured tobacco sold to non-resident individuals who have exported it for their personal use (not to exceed 200 grams per individual). Calculate the amount of special duty refundable and enter the result under “Deduction / refund” on line 10.
- Line 11**
Total (lines 8 to 10)
20. Add the “Deduction / refund” amounts from lines 8, 9 and 10 and enter the total on line 11.
- Line 12**
Net payable
(line 7 minus line 11)
21. Calculate the “Net payable” amount by subtracting line 11 from line 7 and enter the result on line 12.
- Line 13**
Credits
(form B256 attached)
22. Enter an amount on line 13 **only** if you are attaching a completed form B256, *General Application for Refund of Excise Duty Under the Excise Act 2001*, **and** you have not claimed a refund on lines 8, 9 and 10.

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Line 14
Amount due
(line 12 minus line 13)

23. Subtract line 13 from line 12 and enter the result as “Amount due” on line 14. If this amount is negative, place a minus sign to the left of the amount.

Line 15
Payment herewith /
credit due

24. If the result on line 14 is a positive amount, enter that amount on line 15 and circle “payment herewith”. Enclose a cheque or money order, in Canadian dollars, payable to the Receiver General. If you have already paid the amount due to the CCRA or an authorized financial institution, enter NIL on line 15.

25. If the result on line 14 is a negative amount, enter the same amount on line 15 and circle “credit due”.

Client contact name / telephone number

26. Enter the complete name and telephone number of a person who may be contacted concerning this excise duty return.

Certification

27. An authorized representative must print their name and title, sign and date the return, and provide a current telephone number.

Where to file

28. You may file your excise duty return and payment by mailing it to the following address:

Canada Customs and Revenue Agency
Summerside Tax Centre
Other Levies Division
275 Pope Road, Suite 101
Summerside PE C1N 6E7

29. You may also file your excise duty return and payment by delivering it to any CCRA tax services office, or payments may be made at authorized financial institutions.

Payments

30. Excise duty payments must be received at a CCRA tax services office, an authorized financial institution, or the Summerside Tax Centre on or before the due date of the return.

31. Cheques and money orders must be made payable to the Receiver General. Please indicate your Business Number and program account number on the back of your cheque or money order.

Small amounts owing
s 165

32. The CCRA does not charge or refund a balance of \$2 or less. However, such an amount may be deducted from a balance owing by the licensee.

Large payments
s 163

33. Payments of \$50,000 or more must be made at an authorized financial institution in Canada.

34. Additional information with respect to the filing of monthly returns, remitting excise duty, and paying the correct amount of excise duty is provided in Excise Duty Memorandum 10.1.1, *Returns and Payments*.

Interest charges

35. Failure to remit payments to an authorized financial institution or CCRA office by the due date of a return will result in interest charges.

Retention of information

Keeping records
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36. You should retain a copy of this return for your records, as the return and any other information used to prepare it are subject to audit and must be retained for verification purposes.

37. Additional information on the requirement to maintain books and records is available in Excise Duty Memorandum 9.1.1, *General Requirements for Books and Records*.

All of the memoranda in the Excise Duty Memoranda Series will be available on the CCRA Web site at <http://www.ccra-adrc.gc.ca/tax/technical/act2001-e.html>