

Excise Duty Memoranda Series

10.1.6 Completing an Excise Duty Return – Wine Licensee

August 2003
Revised October 2006

Overview This memorandum provides line-by-line instructions on how to complete form B265, *Excise Duty Return – Wine Licensee*, required to be filed monthly by wine 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 Revenue Agency (CRA) regional excise duty office for additional information. These offices are listed in ED Memorandum 1.1.2, *Regional Excise Duty Offices*.

[Proposed amendments] This memorandum reflects proposed amendments to the Act announced by the Minister of Finance on June 24, 2003 and June 28, 2006. Where information reflects proposed amendments, the information is enclosed in square brackets ([,]). Any commentary in this memorandum should not be taken as a statement by the CRA that such amendments will in fact be enacted in their current form.

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General

Wine licensee
s14

1. A wine licence authorizes a person (i.e., a wine licensee) to produce or package wine in Canada. A wine licensee is also permitted to import, export, or transport bulk wine. The responsibilities of a wine licensee are discussed in detail in Excise Duty Memorandum 4.1.1, *Producers and Packagers of Wine*.



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La version française du présent document est intitulée *Comment remplir une déclaration des droits d'accise – Titulaire de licence de vin*.

Canada

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Rates of excise duty
Schedule 6
s 134 and 135

2. The following rates are used to calculate the amount of excise duty payable:
- \$0.0205 per litre of wine containing not more than 1.2% of absolute ethyl alcohol by volume;
 - \$0.295 per litre of wine containing more than 1.2% but not more than 7% of absolute ethyl alcohol by volume; and
 - \$0.62 per litre of wine containing more than 7% of absolute ethyl alcohol by volume.

Small producer
threshold
para 135(2)(b)

3. Excise duty is not imposed on wine that is produced and packaged by [or on behalf of] a licensee who qualifies as a small producer. A licensee qualifies as a small producer if:
- the licensee's [total] sales of wine in the fiscal year ending immediately before the particular fiscal year did not exceed \$50,000; and
 - the licensee's total sales of wine in the particular fiscal year before the fiscal month do not exceed \$50,000.

4. Details on how to calculate the small producer threshold are provided in Excise Duty Memorandum 4.1.2, *Small Producers of Wine*.

Excise duty not payable

5. Small producers of wine are usually not required to pay excise duty. However, they are still required to obtain a wine licence and to fulfil all of the obligations associated with holding that licence, such as maintaining adequate books and records and filing monthly returns.

6. Small producers of wine are required to complete this excise duty return by accounting for inventory and listing litres of wine as applicable. However, they are not required to enter or calculate amounts of excise duty unless they package wine that they did not produce and do not immediately enter that wine into an excise warehouse.

7. 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.

Avoiding errors on
returns

8. A licensee should carefully verify each return before filing it. On most returns, the revenue portion must correspond with the production portion. For example, the quantity of a product that is indicated in the boxes in the revenue portion should be equal to the quantity (or litres) indicated in the boxes in the production portion. Where an amount is entered as "total additions" or "total reductions", the licensee should ensure that this amount is the sum of all additions and/or reductions, and that the correct amount is entered on the total line.

Line-by-line instructions

PAGE 1

Identification of licensee

- Identification 9. The top left portion of the return is used to identify the wine licensee. In this section, a licensee's legal name, trading name and mailing address are displayed. If you find that the identification information is incorrect, please provide the correct information on page two of this return.
- Field 1 – Business Number** 10. Your 9-digit Business Number (BN), 2-letter (RD) program identifier, and 4-digit program account number is displayed in field 1.
- Field 2 – Period covered** 11. The fiscal month covered by this return is displayed in field 2.
- Field 3 – Due date of return** 12. The due date for an excise duty return is the last day of the fiscal month following each fiscal month of a licensee. The due date of the fiscal month for which you are filing is displayed in field 3.

Description – add any missing descriptions

- Line 4 – Wine > 7% (L)** 13. Under the heading "Quantity", enter the total litres of wine containing more than 7% of absolute ethyl alcohol by volume. Calculate the amount of excise duty payable and enter the result under "Duty payable" on line 4.
- Line 5 – Wine > 1.2% but not > 7% (L)** 14. Under the heading "Quantity", enter the total litres of wine containing more than 1.2% but not more than 7% of absolute ethyl alcohol by volume. Calculate the amount of excise duty payable and enter the result under "Duty payable" on line 5.
- Line 6 – Wine ≤ 1.2% (L)** 15. Under the heading "Quantity", enter the total litres of wine containing 1.2 % or less of absolute ethyl alcohol by volume. Calculate the amount of excise duty payable and enter the result under "Duty payable" on line 6.
- Line 7 – Total (4 to 6)** 16. Add the amounts of "Duty payable" from lines 4, 5 and 6 and enter the total amount on line 7.

Refunds

17. All refunds must be claimed on form B256, *General Application for Refund of Excise Duty Under the Excise Act, 2001*. Wine licensees may reduce the current month's duty payable by the amount of a refund claim provided form B256 is attached to the return. In this case you will record the total refund claimed on line 8 of the return and attach the completed form B256.
18. If you have filed a separate refund claim, do not record the amount of that claim on this return.

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19. 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 –
Refunds
(B256 attached)

20. Enter the total refund claimed on line 8 only if you are attaching a completed form B256.

Line 9 –
Net payable
(line 7 minus line 8)

21. Calculate the “Net payable” amount by subtracting line 8 from line 7 and enter the result on line 9.

Line 10 –
Amount due

22. Enter the amount from line 9. If this amount is negative, place a minus sign to the left of the amount.

Line 11 –
Payment herewith /
refund due

23. If the result on line 10 is a positive amount, enter that amount on line 11 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 CRA or an authorized financial institution, enter NIL on line 11.

24. If the result on line 10 is a negative amount, enter the same amount on line 11 and circle “credit due”.

Client contact name / telephone number

25. The complete name and telephone number of the person who may be contacted concerning this excise duty return is displayed.

Certification

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

PAGE 2

Change of Name and/or Address

27. If necessary enter on this page any new changes to your licence:

- corrected or new name of licensee;
- new mailing address;
- new address for books and records;
- new contact name and title;
- new telephone number;
- language of future correspondence;
- the effective date of the above changes;
- the date when the business closed and the reason for closure.

Additional material required

28. In this area check any of the applicable boxes if you require additional
- remittance vouchers;
 - pre-addressed return envelopes (GST394);
 - remittance envelopes (blue band T1190).

PAGE 3

Reporting based on possession

Possession vs. responsibility

29. Bulk inventories are reported based on the possession of the product, regardless of who is responsible. There may be situations where a wine licensee is responsible for the bulk wine, but does not have it in their possession, or vice versa. The licensee's books and records should reflect these situations for verification during audit and compliance reviews.

Opening balance – litres of bulk wine

Line A – Opening balance

30. The opening balance of this return must equal the closing balance indicated on line E of the previous fiscal month's return. Enter amounts for "Opening balance" under the applicable columns on line A.

Additions to bulk inventory

Produced in month

31. For each column, enter the total quantity of bulk wine produced. Additional information on the meaning of "produce" and on "when the wine is produced" is provided in Excise Duty Memorandum 4.1.1, *Producers and Packagers of Wine*.

Received from wine licensees and licensed users

32. For each column, enter the total quantity of bulk wine received from wine licensees and licensed users.

Imported

33. For each column, enter the total quantities of bulk wine that you have imported.

Packaged wine returned to bulk

34. For each column, enter the total quantity of packaged wine returned to bulk inventory.

Line B – Total additions

35. For each column, add the above quantities of bulk wine (i.e., all additions to bulk inventory) and enter the sums on line B.

Reductions to bulk inventory

Removed to wine licensees and licensed users

36. For each column, enter the total quantities of bulk wine removed for delivery to other wine licensees and licensed users.

Exported

37. For each column, enter the total quantities of bulk wine that you have exported.

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Packaging activities 38. Bulk wine removed to packaging is separated into these categories:

- Packaged – Duty Paid*;
- Packaged – Exempt 100% Canadian; and
- Marked special container.

All bulk wine removed for packaging that is composed wholly of Canadian-grown agricultural or plant products must be reported on line “Packaged – Exempt 100% Canadian. For each column and applicable line, enter the total quantities of bulk wine removed to packaging activities.

* There is a clerical error on the form in this first category; please disregard the words “Duty Paid”.

Removed for other purposes 39. For each column, enter the total quantities of bulk wine removed from inventory:

- non-duty-paid for other purposes and specify the purpose for removal (e.g., taken for analysis or destroyed in an approved manner); and
- duty-paid for other purposes and specify the purpose for removal (e.g., taken for use or unaccounted losses).

Line C –
Total reductions 40. For each column, add the above quantities of bulk wine (i.e., all reductions to bulk inventory) and enter the sum on line C.

Inventory adjustments

Line D –
Inventory adjustments
(+ or –) 41. Adjustments may be necessary to balance the physical inventory with the book inventory. The closing or book inventory must agree with the physical inventory for the fiscal month. All adjusting entries are subject to audit and must be entered as “Inventory adjustments” on line D.

Line E –
Closing balance
 $A+B - C \pm D$ 42. For each column, the closing balance is the sum of lines A and B, minus line C, plus or minus any adjustments on line D: $A+B - C \pm D$. This closing balance will become the opening balance for the following fiscal month.

Small producer threshold

Yes / No 43. If you qualify as a small producer of wine for this fiscal month, indicate “YES”. If you do not qualify as a small producer of wine for this fiscal month, indicate “NO”.

PAGE 5

Excise duty remittance voucher

44. This page is a personalized form RC158, *Excise Duty Remittance Voucher*, which contains tombstone data from your account. You must use this remittance voucher to make your payment on filing for the indicated reporting period.

PAGE 6

45. This page indicates the address of the Summerside Tax Centre, telephone and fax numbers.

Where to file

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

Canada Revenue Agency
Summerside Tax Centre
275 Pope Road, Suite 101
Summerside, PE C1N 6E7

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

Payments

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

49. 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

50. The CRA 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

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

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

Interest charges

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

Retention of information

Keeping records
s 206

54. 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.

55. 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 are available on the CRA Web site at www.cra-arc.gc.ca/tax/technical/act2001-e.html.