

Excise Duty Memoranda Series

10.1.8 Completing an Excise Duty Return – Tobacco Licensee

August 2003

Overview

This memorandum provides line-by-line instructions on how to complete form B267, *Excise Duty Return – Tobacco Licensee*, required to be filed monthly by tobacco 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

Tobacco licensee para 14(1)(d)

1. A tobacco licence authorizes a person (i.e., a tobacco licensee) to manufacture tobacco products in Canada. Excise Duty Memorandum 7.1.1, *Manufacturers of Tobacco Products*, provides an overview of the obligations and entitlements of tobacco licensees.

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



Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

Rates of excise duty

Cigarettes
Schedule 1, s 1

2. The following rates are used to calculate the amount of excise duty on cigarettes:
- \$0.374875 for each five cigarettes or fraction of five cigarettes contained in any package (referred to as the “reduced rate”), if the cigarettes are black stock:
 - for delivery by the tobacco licensee who manufactured them to a duty free shop or customs bonded warehouse,
 - for delivery by the tobacco licensee who manufactured them to a person for use as ships' stores in accordance with the *Ships' Stores Regulations*, or
 - for export by the tobacco licensee who manufactured them for delivery to a foreign duty free shop or for use as foreign ships' stores; and
 - \$0.396255 for each five cigarettes or fraction of five cigarettes contained in any package, in any other case.

Tobacco sticks
Schedule 1, s 2

3. The following rates are used to calculate the amount of excise duty on tobacco sticks:
- \$0.054983 per stick (referred to as the “reduced rate”), if the tobacco sticks are black stock:
 - for delivery by the tobacco licensee who manufactured them to a duty free shop or customs bonded warehouse,
 - for delivery by the tobacco licensee who manufactured them to a person for use as ships' stores in accordance with the *Ships' Stores Regulations*, or
 - for export by the tobacco licensee who manufactured them for delivery to a foreign duty free shop or for use as foreign ships' stores; and
 - \$0.057983 per stick, in any other case.

Manufactured tobacco
Schedule 1, s 3

4. The following rates are used to calculate the amount of excise duty on manufactured tobacco other than cigarettes and tobacco sticks:
- \$49.983 per kilogram (referred to as the “reduced rate”), if the manufactured tobacco is black stock:
 - for delivery by the tobacco licensee who manufactured it to a duty free shop or customs bonded warehouse,
 - for delivery by the tobacco licensee who manufactured it to a person for use as ships' stores in accordance with the *Ships' Stores Regulations*, or
 - for export by the tobacco licensee who manufactured it for delivery to a foreign duty free shop or for use as foreign ships' stores; and
 - \$53.981 per kilogram, in any other case.

Cigars
Schedule 1, s 4
Schedule 2

5. The rate of excise duty on cigars is \$14.786 per 1,000 cigars. An additional excise duty on cigars also applies at the rate of the greater of \$0.065 per cigar or 65%, computed on the sale price at the time of delivery by the licensee to the purchaser, in the case of cigars manufactured in Canada, or the duty-paid value if the cigars are imported.

Raw leaf tobacco
Schedule 1, s 5

6. The rate of excise duty on raw leaf tobacco is \$1.572 per kilogram.

Special rates of excise duty

Unstamped tobacco
products
Schedule 3, s 3

7. The following rates are used to calculate the amount of special excise duty on unstamped tobacco products:

- \$0.075 per cigarette;
- \$0.055 per tobacco stick; and
- \$50.00 per kilogram in the case of tobacco products other than cigarettes or tobacco sticks.

Stamped tobacco
products
Schedule 3, s 4

8. The following rates are used to calculate the amount of special excise duty on stamped tobacco products:

- \$0.095724 per cigarette;
- \$0.042 per tobacco stick; and
- \$46.002 per kilogram in the case of tobacco products other than cigarettes or tobacco sticks.

9. 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

PAGE 1

Identification of licensee

Identification

10. The top left portion of both pages of the return is used to identify the tobacco licensee. A licensee must complete this section on both pages by entering the complete legal name, trading name (if different from the legal name), and mailing address of the licensee.

Field 1 –
Business Number

11. Enter your 9-digit Business Number (BN), 2-letter (RD) program identifier, and 4-digit program account number.

Field 2 –
Period covered

12. 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

13. 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 date should be entered in the order year / month / day.

10.1.8 Completing an Excise Duty Return – Tobacco Licensee

Domestic – add any missing descriptions

- Line 4 –**
Cigarettes
14. Under the heading “Quantity”, enter the total number of cigarettes packaged and stamped. Calculate the amount of excise duty payable and enter the result under “Duty payable” on line 4.
- Line 5 –**
Tobacco sticks
15. Under the heading “Quantity”, enter the total number of tobacco sticks packaged and stamped. Calculate the amount of excise duty payable and enter the result under “Duty payable” on line 5.
- Line 6 –**
Other manufactured tobacco
16. Under the heading “Quantity”, enter the total kilograms of other manufactured tobacco packaged and stamped. Calculate the amount of excise duty payable and enter the result under “Duty payable” on line 6.
- Line 7 –**
Cigars
17. Under the heading “Quantity”, enter the total number of cigars packaged and stamped. Calculate the amount of excise duty payable and enter the result under “Duty payable” on line 7.
- Line 8 –**
Additional excise duty – cigars (rate per cigar)
18. Under the heading “Quantity”, enter the total number of cigars that were packaged and stamped and delivered to a purchaser. Calculate the amount of additional excise duty payable. If the result is greater than the result calculated on line 9, enter the result under “Duty payable” on line 8.
- Line 9 –**
Additional excise duty – cigars (rate based on sale price)
19. Under the heading “Quantity”, enter the total number of cigars that were packaged and stamped and delivered to a purchaser. Calculate the amount of additional excise duty payable. If the result is greater than the result calculated on line 8, enter the result under “Duty payable” on line 9.
- Line 10 –**
Raw leaf tobacco
20. Under the heading “Quantity”, enter the total number of kilograms of raw leaf tobacco packaged and stamped. Calculate the amount of excise duty payable and enter the result under “Duty payable” on line 10.
- Line 11 –**
Total (lines 4 to 10)
21. Add the “Duty payable” amounts from lines 4 to 10 and enter the total on line 11.

Duty free shops / ships’ stores / Customs bonded warehouses (reduced rate)

- Line 12 –**
Cigarettes
22. Under the heading “Quantity”, enter the total number of packaged and stamped cigarettes that were destined for duty free shops, for use as ships’ stores, or for Customs bonded warehouses. Using the reduced rate, calculate the amount of excise duty payable and enter the result under “Duty payable” on line 12.
- Line 13 –**
Tobacco sticks
23. Under the heading “Quantity”, enter the total number of packaged and stamped tobacco sticks that were destined for duty free shops, for use as ships’ stores, or for Customs bonded warehouses. Using the reduced rate, calculate the amount of excise duty payable and enter the result under “Duty payable” on line 13.

Line 14 –
Other manufactured tobacco

24. Under the heading “Quantity”, enter the total number of kilograms of other packaged and stamped manufactured tobacco that was destined for duty free shops, for use as ships’ stores, or for Customs bonded warehouses. Using the reduced rate, calculate the amount of excise duty payable and enter the result under “Duty payable” on line 14.

Line 15 –
Total (lines 12 to 14)

25. Add the “Duty payable” amounts from lines 12, 13, and 14 and enter the total on line 15.

Exports not exceeding 1.5% – Special duty

Line 16 –
Cigarettes

26. Under the heading “Quantity”, enter the number of unstamped cigarettes that were removed for export from your excise warehouse that did not exceed 1.5% of your previous calendar year’s total production of cigarettes. Calculate the amount of special duty payable and enter the result under “Duty payable” on line 16.

Line 17 –
Tobacco sticks

27. Under the heading “Quantity”, enter the number of unstamped tobacco sticks that were removed for export from your excise warehouse that did not exceed 1.5% of your previous calendar year’s total production of tobacco sticks. Calculate the amount of special duty payable and enter the result under “Duty payable” on line 17.

Line 18 –
Other manufactured tobacco

28. Under the heading “Quantity”, enter the number of kilograms of unstamped other manufactured tobacco removed for export from your excise warehouse that did not exceed 1.5% of your previous calendar year’s total production of other manufactured tobacco. Calculate the amount of special duty payable and enter the result under “Duty payable” on line 18.

Line 19 –
Total (lines 16 to 18)

29. Add the “Duty payable” amounts from lines 16, 17, and 18 and enter the total on line 19.

Exports exceeding 1.5%

Line 20 –
Cigarettes

30. Under the heading “Quantity”, enter the number of packaged and stamped cigarettes that were exported and that exceeded 1.5% of your previous calendar year’s total production of cigarettes. Calculate the amount of special duty payable and enter the result under “Duty payable” on line 20.

Line 21 –
Tobacco sticks

31. Under the heading “Quantity”, enter the number of packaged and stamped tobacco sticks that were exported and that exceeded 1.5% of your previous calendar year’s total production of tobacco sticks. Calculate the amount of special duty payable and enter the result under “Duty payable” on line 21.

Line 22 –
Other manufactured tobacco

32. Under the heading “Quantity”, enter the number of kilograms of packaged and stamped other manufactured tobacco that was exported and that exceeded 1.5% of your previous calendar year’s total production of other manufactured tobacco. Calculate the amount of special duty payable and enter the result under “Duty payable” on line 22.

Line 23 –
Total (lines 20 to 22)

33. Add the “Duty payable” amounts from lines 20, 21, and 22 and enter the total on line 23.

10.1.8 Completing an Excise Duty Return – Tobacco Licensee

Authorized deduction / refund

Lines 24 to 36

OR

Line 39

34. 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 24 to 36 for any preauthorized refunds; or
- by recording the total refund on line 39 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.

35. If you claim refunds on lines 24 to 36 of this return, do not include them on line 39 and do not include them on form B256, *General Application for Refund of Excise Duty Under the Excise Act, 2001*.

36. If you have already filed your refund claim separately, do not record any of that information on this return.

37. 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 24 –
Domestic cigarettes**

38. Under the heading “Quantity”, enter the number of cigarettes that were packaged and stamped and destined for regular domestic markets for which a refund has been preauthorized. Calculate the amount of excise duty refundable and enter the result under “Deduction / refund” on line 24.

**Line 25 –
Domestic tobacco sticks**

39. Under the heading “Quantity”, enter the number of tobacco sticks that were packaged and stamped and destined for regular domestic markets for which a refund has been preauthorized. Calculate the amount of excise duty refundable and enter the result under “Deduction / refund” on line 25.

**Line 26 –
Domestic other
manufactured tobacco**

40. Under the heading “Quantity”, enter the number of kilograms of packaged and stamped other manufactured tobacco destined for regular domestic markets for which a refund has been preauthorized. Calculate the amount of excise duty refundable and enter the result under “Deduction / refund” on line 26.

**Line 27 –
Domestic cigars**

41. Under the heading “Quantity”, enter the number of packaged and stamped cigars destined for regular domestic markets for which a refund has been preauthorized. Calculate the amount of excise duty refundable and enter the result under “Deduction / refund” on line 27.

**Line 28 –
Additional excise duty –
domestic cigars
(rate per cigar)**

42. Under the heading “Quantity”, enter the number of packaged and stamped cigars for which a refund of the additional excise duty paid has been preauthorized. Calculate the amount of excise duty refundable and enter the result under “Deduction / refund” on line 28.

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- Line 29 –**
Additional excise duty – domestic cigars (rate based on sale price)
43. Under the heading “Quantity”, enter the number of packaged and stamped cigars for which a refund of the additional excise duty paid has been preauthorized. Calculate the amount of excise duty refundable and enter the result under “Deduction / refund” on line 29.
- Line 30 –**
Domestic raw leaf tobacco
44. Under the heading “Quantity”, enter the number of kilograms of packaged and stamped raw leaf tobacco destined for regular domestic markets for which a refund has been preauthorized. Calculate the amount of excise duty refundable and enter the result under “Deduction / refund” on line 30.
- Line 31 –**
Reduced rate – cigarettes
45. Under the heading “Quantity”, enter the number of packaged and stamped cigarettes for which a refund of the reduced rate of excise duty has been preauthorized. Calculate the amount of excise duty refundable and enter the result under “Deduction / refund” on line 31.
- Line 32 –**
Reduced rate – tobacco sticks
46. Under the heading “Quantity”, enter the number of packaged and stamped tobacco sticks for which a refund of the reduced rate of excise duty has been preauthorized. Calculate the amount of excise duty refundable and enter the result under “Deduction / refund” on line 32.
- Line 33 –**
Reduced rate – other manufactured tobacco
47. Under the heading “Quantity”, enter the number of kilograms of packaged and stamped other manufactured tobacco for which a refund of the reduced rate of excise duty has been preauthorized. Calculate the amount of excise duty refundable and enter the result under “Deduction / refund” on line 33.
- Line 34 –**
Special duty – cigarettes
48. Under the heading “Quantity”, enter the number of cigarettes that were exported for which a refund of the special duty has been preauthorized. Calculate the amount of special duty refundable and enter the result under “Deduction / refund” on line 34.
- Line 35 –**
Special duty – tobacco sticks
49. Under the heading “Quantity”, enter the number of tobacco sticks that were exported for which a refund of the special duty has been preauthorized. Calculate the amount of special duty refundable and enter the result under “Deduction / refund” on line 35.
- Line 36 –**
Special duty – other manufactured tobacco
50. Under the heading “Quantity”, enter the number of kilograms of other manufactured tobacco that was exported and for which a refund of the special duty was preauthorized. Calculate the amount of special duty refundable and enter the result under “Deduction / refund” on line 36.
- Line 37**
Total (lines 24 to 36)
51. Add the “Deduction / refund” amounts from lines 24 to 36 and enter the total on line 37.
- Line 38**
Net payable (lines 11+15+19+23-37)
52. Calculate the “Net payable” amount by adding lines 11, 15, 19 and 23 and subtracting line 37. Enter the result on line 38.
- Line 39**
Credits (form B256 attached)
53. Enter an amount on line 39 **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 the refunds on lines 24 to 36 of this return.

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Line 40
Amount due
(line 38 minus line 39)

54. Subtract line 39 from line 38, and enter the result as “Amount due” on line 40. If this amount is negative, place a minus sign to the left of the amount.

Line 41
Payment herewith /
credit due

55. If the result on line 40 is a positive amount, enter that amount on line 41 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 41.

56. If the result on line 40 is a negative amount, enter the same amount on line 41 and circle “credit due”.

Client contact name / telephone number

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

Certification

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

PAGE 2

Reporting based on possession

Possession vs.
ownership

59. Inventories are to be reported based on the physical possession of partially manufactured and raw leaf tobacco as opposed to ownership of the tobacco. There may be situations where a tobacco licensee owns the tobacco 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.

Tobacco products

Total production

60. For each column, enter the total quantity, in units or kilograms, of tobacco products produced in each category.

Not stamped

To excise warehouse

61. For each column, enter the total quantity of unstamped tobacco products placed into an excise warehouse. Exclude packaged raw leaf tobacco.

Opening balance – partially manufactured tobacco / raw leaf tobacco

Line A – 62. The opening balance of this return must equal the last fiscal month’s closing
Opening balance balance. Enter amounts for “Opening balance” under the applicable columns on line A.

Additions to inventory

Total production 63. Enter the number of kilograms of partially manufactured tobacco produced.
Exclude raw leaf tobacco.

Domestic receipts 64. Enter the number of kilograms of partially manufactured and raw leaf tobacco
received from all domestic sources.

Imported receipts 65. Enter the number of kilograms of imported partially manufactured and raw leaf
tobacco.

Line B – 66. Add the above quantities (i.e., all additions to inventory) and enter the sums on
Total additions line B.

Reductions to inventory

Taken for further 67. Enter the number of kilograms of partially manufactured and raw leaf tobacco
manufacture taken for further manufacture.

Destroyed 68. Enter the number of kilograms of partially manufactured and raw leaf tobacco
destroyed.

Domestic deliveries 69. Enter the number of kilograms of partially manufactured and raw leaf tobacco
removed for domestic deliveries.

Excise warehouse 70. Enter the number of kilograms of partially manufactured tobacco entered into an
excise warehouse. Exclude raw leaf tobacco.

Exported 71. Enter the number of kilograms of raw leaf tobacco exported. Exclude partially
manufactured tobacco.

Line C – 72. Add the above amounts (i.e., all reductions to inventory) and enter the sums on
Total reductions line C.

Inventory adjustments

Line D – 73. Adjustments may be necessary to balance the physical inventory with the book
Inventory adjustments (+ or –) 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.

Closing balance

Line E

Closing balance
(A+B) – C±D

74. 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±D. This closing balance will become the opening balance for the following fiscal month.

Where to file

75. 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

76. 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

77. 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.

78. 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

79. 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

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

81. 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

82. 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
s 206

83. 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.

84. 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>