



## Special Containers of Spirits

The *Excise Act, 2001* (“the Act”) provides for the use of special containers of spirits and indicates how and by whom they may be used. This memorandum provides an overview of these provisions. It also provides information on where to report quantities relating to special containers of spirits on an excise duty 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 Excise Duty Memorandum 1.1.2, [Regional Excise Duty Offices](#).
- Proposed regulations**              The information in this memorandum concerning the markings on special containers of spirits is based on the draft *Regulations Respecting the Marking of Special Containers*. Any commentary in this memorandum should not be taken as a statement by the CRA that these regulations will in fact be made in their current form.

### Table of contents

General ..... 1

Marked special containers..... 2

Markings on special containers ..... 2

Who can mark special containers ..... 2

Possession and importation of special containers ..... 2

Transportation of special containers..... 3

Warehousing of marked special containers..... 3

Removal of markings from a marked special container..... 4

Removal of spirits from a marked special container ..... 4

Marked special containers returned to excise warehouse licensee..... 4

Reporting..... 5

Maintaining records ..... 6

Contraventions and penalties..... 6

### General

- Meaning of “special container”**  
s 2                      1.        The concept of special containers of spirits was introduced to address current industry practices. Special containers of spirits are containers with a capacity of more than 100 litres, but not more than 1,500 litres. They are used (after having been marked) at bottle-your-own premises in provinces where individuals are permitted to purchase and bottle their own spirits and by users of spirits who are registered under section 16 of the Act.
- Construction of special containers**                      2.        The material of construction of special containers of spirits is not restricted under the Act. These containers may be constructed of any material and include steel drums, plastic drums or totes, and wood barrels.

La version française du présent document est intitulée *Contenants spéciaux de spiritueux*.



---

## Marked special containers

Meaning of “mark” and “packaged”  
s 2

3. To “mark” a special container of spirits means to mark in the prescribed form and manner to indicate that the container is intended for delivery to and for use at a bottle-your-own premises or by a registered user. Spirits in a marked special container are considered to be packaged spirits.

Bottle-your-own premises  
s 2

4. Bottle-your-own premises may purchase and use marked special containers of spirits on a duty-paid basis. Bottle-your-own premises means premises in which, in accordance with the laws of the province where the premises are located, alcohol is supplied from a marked special container for the purpose of being packaged by a purchaser.

## Markings on special containers

What markings must show  
Draft Regulations  
Respecting the Marking of  
Special Containers  
s 1 and 2

5. The markings on a special container of spirits must

- be legible and clearly visible during normal handling;
- be capable of remaining in place until the container is emptied; and
- indicate, in English and French, that the contents are packaged spirits and that the container is intended for delivery to, and for use by, a bottle-your-own premises or a registered user.

## Who can mark special containers

Domestic spirits  
ss 78(1)

6. Spirits licensees are the only persons authorized by the Act to mark special containers of domestic spirits.

Marking imported special  
containers  
s 79 and 80

7. Where a special container of spirits imported by an excise warehouse licensee is not marked when it is reported under the *Customs Act*, it must be placed in a sufferance warehouse where the excise warehouse licensee, or any person, may mark the special container.

Meaning of “sufferance  
warehouse”

8. A “sufferance warehouse” has the same meaning as in subsection 2(1) of the *Customs Act*.

## Possession and importation of special containers

Unmarked special  
containers

9. Spirits placed in a special container that is not marked with the prescribed information are considered to be bulk spirits. Only persons authorized by the Act, i.e., spirits licensees, licensed users or alcohol registrants, may possess bulk spirits.

Marked special containers  
ss 88(3)

10. Spirits in a marked special container are considered to be packaged spirits. The following persons may possess non-duty-paid marked special containers of spirits:

- an excise warehouse licensee in its excise warehouse;
- a prescribed person who is transporting the special container of spirits under prescribed circumstances and conditions, as described in paragraph 13 of this memorandum;
- a sufferance warehouse licensee in their sufferance warehouse, if the special container is imported; or

- 
- a registered user for use in accordance with their registration if the special container is marked for delivery to and use by a registered user.

Importing special  
containers  
s 79

11. Only an excise warehouse licensee may import marked special containers of spirits.

### Transportation of special containers

Unmarked containers  
para 70(2)(b), 70(2)(c) and  
70(2)(d)

12. Spirits in a special container that is not marked with prescribed information are considered to be bulk spirits and, accordingly, may only be transported by:

- a spirits licensee;
- an alcohol registrant; or
- a licensed user, if the spirits were produced or imported by a spirits licensee, or were imported by the licensed user.

Marked containers  
ss 88(3)  
*Regulations Respecting  
the Possession of  
Non-duty-paid Packaged  
Alcohol*  
s 2

13. A non-duty-paid marked special container of spirits may be transported by

- a person licensed as a customs bonded carrier if the special container is imported; or
- a person with documentation that provides evidence that they are transporting the special container on behalf of an excise warehouse licensee or a registered user.

14. Additional information on the transportation of spirits will be provided in Excise Duty Memorandum 3.2.1, *Possession and Transportation of Spirits*.

### Warehousing of marked special containers

Marked container deemed  
packaged  
s 77, ss 124(1)

15. Spirits in a special container are deemed to be packaged spirits at the time the container is marked with the prescribed information outlined in paragraph 5 of this memorandum. At that time, duty on the spirits must be paid or the spirits must be entered into an excise warehouse.

Imported container to be  
warehoused  
s 81

16. In the case of non-duty-paid imported marked special containers of spirits, the excise warehouse licensee who imports the container must immediately enter it into its excise warehouse when the spirits are released under the *Customs Act*.

17. Additional information on importing special containers of spirits will be provided in Excise Duty Memorandum 3.5.1, *Importing and Exporting Spirits*.

When duty payable  
s 125

18. Duty is payable on spirits contained in a marked special container when it is removed from an excise warehouse for entry into the duty-paid market, i.e., when it is sent to a bottle-your-own premises. The duty is payable by the excise warehouse licensee.

When duty not payable  
ss 147(2)

19. Duty is not payable on spirits contained in a marked special container that is removed from an excise warehouse for delivery to a registered user for use in accordance with their registration or for export by the excise warehouse licensee if the container was imported.

---

## Removal of markings from a marked special container

- Returning to bulk inventory s 156
20. A spirits licensee who has marked a special container of spirits may remove the container from its excise warehouse and return them to the bulk spirits inventory if the licensee removes the container's marking in an approved manner.
- Approved manner of removing markings from a special container
21. A spirits licensee who wishes to return spirits from a marked special container to its bulk spirits inventory must ensure that the markings on the container of spirits are fully removed, covered or obscured in a manner that renders them illegible.
- Contacting the CRA
22. Spirits licensees must contact their local regional excise duty office for approval of their method of removing the markings. These offices are listed in Excise Duty Memorandum 1.1.2, *Regional Excise Duty Offices*.
- Bulk spirits inventory
23. Once the markings are removed, spirits in the special container are no longer considered to be packaged spirits and must be returned to the bulk spirits inventory of the spirits licensee.
- Documentation
24. Spirits licensees must ensure that they retain adequate records to document any spirits that are returned to bulk inventory.

## Removal of spirits from a marked special container

- Removal of spirits ss 92(1)
25. The only persons who may remove spirits from a marked special container are:
- a registered user, in the case of a container that is marked for delivery to and use by a registered user; and
  - a purchaser of spirits at a bottle-your-own premises in the case of a container that is marked for delivery to and use at a bottle-your-own premises.
- Exception – returned container ss 92(2)
26. An excise warehouse licensee may remove spirits from a marked special container that has been returned by an operator of a bottle-your-own premises for the purpose of destroying the spirits in a manner approved by the CRA.
27. The approval must be obtained by the excise warehouse licensee prior to the destruction of the spirits. Licensees must contact their Regional Excise Duty Office for approval of the method of destroying spirits. The process for obtaining approval of a destruction method will be outlined in Excise Duty Memorandum 3.4.2, *Spirits Taken for Analysis or Destruction*.

## Marked special containers returned to excise warehouse licensee

- Return of packaged spirits para 91(c) and the Return of Packaged Alcohol to an Excise Warehouse Regulations s 3
28. A registered user may return non-duty-paid spirits packaged in a marked special container to the excise warehouse licensee who supplied them if, at the time of re-entry into the excise warehouse, the container has not been opened, or if opened, was opened by the registered user solely for the purpose of analysis in a manner approved by the CRA.

---

Re-warehousing  
non-duty-paid spirits in  
marked special containers  
s 153

29. Where a registered user returns non-duty-paid spirits packaged in a marked special container under the conditions set out in paragraph 28 of this memorandum, the spirits in that container may be entered into the warehouse as non-duty-paid packaged spirits by the excise warehouse licensee.

Removal of spirits from  
returned container  
ss 92(2)

30. The operator of a bottle-your-own premises may return a marked special container of spirits to the excise warehouse licensee who supplied the container to the operator. As noted in paragraph 26 of this memorandum, the excise warehouse licensee must then destroy the remaining spirits in an approved manner.

Refund –  
spirits in special  
containers  
para 187(a)

31. When a marked special container of spirits is returned to the excise warehouse licensee who supplied it, and who paid the duty on the spirits, that licensee may apply for a refund of the excise duty paid on the quantity of spirits remaining in the marked special container, provided that the licensee destroys the spirits in an approved manner.

Time limits  
para 187(b)

32. The excise warehouse licensee must apply for the refund within two years after the container is returned to its warehouse.

33. Additional information on refunds of excise duty is available in Excise Duty Memorandum 10.3.1, [Refunds](#).

## Reporting

By a spirits licensee

34. Bulk spirits removed from a spirits licensee's inventory for packaging in a marked special container, or returned to bulk inventory, should be reported on the B266, [Excise Duty Return – Spirits Licensee](#) as follows:

- Removals: under “*Reductions to Bulk Inventory*” on the line “*To Packaging – Non-duty-paid – Marked special containers*”, enter the total quantity of bulk spirits that have been removed and placed in marked special containers.
- Returns: under “*Additions to Bulk Inventory*” and on the line “*Packaged spirits returned to bulk*”, enter the total quantity of packaged spirits that have been returned to bulk inventory from marked special containers.

By an excise warehouse  
licensee

35. Marked special containers of spirits entered into an excise warehouse, returned from duty-paid or non-duty-paid sources, returned to the bulk inventory of a spirits licensee, or removed to the duty-paid market from an excise warehouse should be reported on the B262, [Excise Duty Return – Excise Warehouse Licensee](#) as follows:

- Entered into: under “*Additions to Inventory*” and on the relevant line “*Domestic*” or “*Imported*” and in the relevant column, enter the total quantity of spirits in marked special containers that have been entered into an excise warehouse.
- Returned from: under “*Additions to Inventory – Returned*” and on the relevant line “*From duty-paid sources*” or “*From non-duty-paid sources*” and in the relevant column, enter the total quantity of spirits in marked special containers that have been returned from the relevant source.
- Returns to: under “*Reductions to Inventory: Non-Duty-Paid*” and on the line “*Returned (to spirits licensee)*” and in the relevant column, enter the total quantity of spirits that have been removed from packaged inventory and returned to bulk.

- 
- Removals: under “*Reductions to Inventory: Duty-Paid*” and on the line “*Packaged*” and in the relevant column, enter the total quantity of spirits in marked special containers that have been removed from the excise warehouse and upon which duty has been paid.

### **Maintaining records**

Keeping records  
ss 206(1)

36. Every licensee under the Act is required to maintain all records that are necessary to determine whether they are in compliance with the Act.

37. Failure by a licensee to adequately account for spirits in their possession may result in an assessment or enforcement action, as provided for in the Act.

38. 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*.

### **Contraventions and penalties**

Failure to comply

39. If a person fails to comply with the restrictions of their licence, they may be subject to a penalty or guilty of a contravention under the Act.

Enforcement  
Part 6

40. Additional information on contraventions and penalties will be provided in Excise Duty Memorandum 11.2.1, *Contraventions and Penalties*.

All of the memoranda in the Excise Duty Memoranda Series are available on the CRA Web site at [www.cra-arc.gc.ca/menu/EXMS-e.html](http://www.cra-arc.gc.ca/menu/EXMS-e.html).