



SUMMERSIDE PE C1N 5Z7

July 25 2006

## TOBACCO PRODUCTS INVENTORY TAX

The Tobacco Products Inventory Tax is imposed on taxed tobacco products held in inventory on July 1, 2006. In June 2006, Canada Revenue Agency provided an Information Package and the "Record of Inventory" worksheet to assist you in determining the inventory of taxed tobacco products.

Persons with taxed tobacco products in inventory may be liable to file Form B273, "Excise Return - Tobacco Products Inventory Tax" and pay tax on that inventory on or before August 31, 2006. We have enclosed the required Form B273 and a remittance voucher. These forms provide additional information about the Tobacco Products Inventory Tax as well as payment options.

## PERSONS WHO MAY BE LIABLE TO PAY THE TAX

Subject to the small retail inventory tax exemption (below), the tax is payable by persons such as domestic retailers, wholesalers, and tobacco manufacturers that hold inventories of taxed tobacco products as of 12:01 a.m. on July 1, 2006. Certain duty free shops may also be liable for the tax.

## SMALL RETAIL INVENTORY TAX EXEMPTION

The inventory tax exemption applies to retailers that hold no more than a total of 30,000 units of taxed tobacco products at each separate retail establishment.

A separate retail establishment means a shop or store of a person that is:

- geographically separate from other places of business of the person,
- where the person regularly sells, otherwise than through a vending machine, tobacco products to consumers, and
- for which separate records are maintained.

If a retailer has a separate retail establishment with an inventory of not more than 30,000 units of taxed tobacco, the inventory tax is not payable at that location. If the inventory exceeds 30,000 units, the tax is payable on the entire inventory.

If a retailer has more than one location, but maintains only one set of records for all locations, the retailer does not have separate retail establishments, and must include a total of all units at all locations in determining the 30,000 unit threshold.

#### ADDITIONAL INFORMATION

If you need more information, call a regional excise duty office. For a list of these offices, see Excise Duty Memorandum 1.1.2, "Regional Excise Duty Offices" at [www.cra.gc.ca/menu/EXMS-e.html](http://www.cra.gc.ca/menu/EXMS-e.html).

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