

**Notice of Ways and Means Motion Respecting Amendments to
the Excise Tax Act, the Excise Act and the Customs Act**

That it is expedient

I. To amend the Excise Tax Act to provide among other things:

Excise Tax on Tobacco Products for Export or Sale in Duty-Free Shops

1. That the excise tax on tobacco products be extended to apply to tobacco products

(a) manufactured or produced in Canada and

(i) exported from Canada, or

(ii) delivered to a duty-free shop

by the manufacturer or producer, or

(b) imported by a duty-free shop,

at the following rates:

(c) 20 cents per five cigarettes or fraction of five cigarettes contained in any package, in the case of cigarettes,

(d) \$25.667 per kilogram, in the case of manufactured tobacco, including snuff, but not including cigars, cigarettes and tobacco sticks,

(e) 2.667 cents per stick, in the case of tobacco sticks, or

(f) the greater of 4 cents per cigar and 15 per cent of the manufacturer's sale price or duty paid value, as the case may be, in the case of cigars,

payable, where the tobacco products are manufactured or produced in Canada, by the manufacturer or producer at the time the products are delivered to the purchaser and, where the products are imported, in accordance with the provisions of the Customs Act, by the importer, owner or other person liable to pay duties under that Act.

2. That the Minister of National Revenue be authorized to prescribe by regulation a tobacco product of a particular brand or trade name that is manufactured or produced in Canada exclusively for export and that has not previously been marketed or sold at any time for consumption in Canada under that brand or trade name.

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3. That the excise tax imposed pursuant to any enactment founded on paragraph 1 of this motion not apply to any tobacco product of a brand or trade name prescribed pursuant to any enactment founded on paragraph 2 of this motion, where the product has not at any time prior to the export been marketed or sold for consumption in Canada under that brand or trade name.

4. That no refund of any excise tax on tobacco products mentioned in Schedule II to the Act be payable in respect of tobacco products that are exported from Canada.

5. That no drawback of any excise tax imposed on tobacco products mentioned in Schedule II to the Act be payable in respect of tobacco products other than such products that are sold or supplied as ships' stores.

6. That, where tobacco products manufactured or produced in Canada and exported from Canada are subsequently imported into Canada and the importer provides evidence satisfactory to the Minister of National Revenue that the excise tax imposed pursuant to any enactment founded on paragraph 1 of this motion was paid or payable at the time of export or delivery to a duty-free shop, the excise tax imposed on the tobacco products at the time of importation be reduced by the amount of the excise tax imposed at the time of export or delivery to a duty-free shop.

Relief on Sales to Diplomats

7. That tobacco products that are sold by the licensed manufacturer of the products to, or imported by or for, a diplomatic representative in Canada of a foreign country for the official or personal use of that representative be relieved from the excise tax on tobacco products.

II. To amend the Excise Act to provide among other things:

Duty on Transfer to Bonded Warehouse

8. That tobacco products may not be removed from a bonding warehouse to a customs bonded warehouse for export or sale to accredited representatives in Canada of any other country without payment of duty.

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III. To amend the Customs Act to provide among other things:

Duty-Free Shops

9. That the deferral of payment or removal of duties on goods delivered to or received in a duty-free shop not apply with respect to the excise tax imposed on tobacco products pursuant to any enactment founded on paragraph 1 of this motion.

Entry into Bonded Warehouse

10. That the entry of goods into a customs bonded warehouse and deferral of payment of duties on goods so entered be limited in the case of tobacco products mentioned in Schedule II to the Excise Tax Act to such products that are

- (a) entered for the purpose of sale or supply as ships' stores, or
- (b) imported and entered for the purpose of sale or supply to a diplomatic representative in Canada of a foreign country.

Exported Tobacco Products

11. That the removal of duties on goods exported from Canada from a customs bonded warehouse not apply with respect to the excise taxes levied under the Excise Tax Act, the excise duties levied under the Excise Act or the additional customs duties imposed under section 20 of the Customs Tariff in respect of tobacco products mentioned in Schedule II to the Excise Tax Act.

Drawbacks

12. That no drawback of additional customs duties imposed under section 20 of the Customs Tariff or excise tax imposed under the Excise Tax Act be granted in respect of imported tobacco products mentioned in Schedule II to the Excise Tax Act

- (a) that are exported from Canada, or
- (b) that are deemed to have been exported by virtue of being placed in a bonded warehouse for exportation.

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13. That no drawback of the excise tax imposed on tobacco products pursuant to any enactment founded on paragraph 1 of this motion be granted in respect of

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