

TTN: 122

March 2004

TOBACCO TAX RATE INCREASES

Introduction

Effective 12:01 a.m. Wednesday, March 31, 2004 the Prince Edward Island health tax on tobacco products will increase. The increase will apply to cigarettes, bulk tobacco and tobacco sticks pursuant to the [Health Tax Act](#) R.S.P.E.I. 1988, Cap. H-3.

The following rates come into effect at 12:01 a.m. Wednesday, March 31, 2004:

- A. The tax on **cigarettes** is increased to **17.45** cents per cigarette from 14.95 cents per cigarette.
- B. The tax on **all tobacco products other than cigarettes, cigars and tobacco sticks** is increased to **14.00** cents per gram from 11.74 cents per gram.
- C. The tax on **tobacco sticks** is increased to **17.45** cents per stick from 12.99 cents per stick.

There is no change in the health tax rate on cigars.

Reporting requirements - Retailers

- Tobacco retailers are required to calculate and report the additional health tax due on their tobacco inventory on-hand, excluding cigars, at 12:01 a.m. Wednesday, March 31, 2004. This will include all cigarettes, tobacco sticks, fine cut and other tobacco products except cigars under the control of the retailer and includes inventory in store display areas, store rooms and any other location where tobacco products are stored.
- Tobacco retailers should refer to tobacco tax notice [TTN:120](#) for additional instructions.
- A "[Health Tax on Tobacco Self-declaration](#)" form is attached to this notice for your convenience.

Reporting requirements – Wholesalers

- Tobacco wholesalers are required to collect the new rates of tax on all sales and deliveries effective 12:01 a.m. Wednesday, March 31, 2004. If a wholesaler has invoiced the old rate of tax for sales or deliveries after that time, the wholesaler is required to issue an adjusting invoice for the additional tax.

- Tobacco wholesalers, who maintain tax paid inventories, are required to calculate and report the additional health tax due on their tobacco inventory on-hand, excluding cigars, at 12:01 a.m. Wednesday, March 31, 2004.
- Tobacco wholesalers should refer to tobacco tax notice [TTN:121](#) for additional instructions.
- A "[Health Tax on Tobacco Self-declaration](#)" form is attached to this notice for your convenience.

Further Information:

For copies of the [Tobacco Tax Act](#), [Revenue Administration Act](#) and [Regulations](#) or for any inquiries regarding this Tobacco Tax Notice please contact:

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This notice is prepared for information purposes only, and should not be considered a substitute for the statutes. Should there be any conflict between the contents of this notice and the statutes, the statutes shall prevail.