

TTN: 135

July 2020

TOBACCO TAX RATE CHANGES

Introduction

The *Tobacco Tax Act* has been amended and the tobacco tax rates changes noted below are effective at 12:01 a.m. July 15, 2020. The tax rate changes apply to cigarettes, tobacco sticks, cigars and bulk tobacco pursuant to the [Tobacco Tax Act](#) R.S.P.E.I. 1988, Cap. T-3.11.

The following rates come into effect at 12:01 a.m. July 15, 2020:

- (A) The tax on **cigarettes** is changed to 27.52 cents per cigarette from 25.00 cents per cigarette.
- (B) The tax on **tobacco sticks** is changed to 27.52 cents per stick from 25.00 cents per stick.
- (C) The tax on **cigars** is changed to 75.00% of the retail price from 71.60% of the retail price.
- (D) The tax on **all tobacco products other than cigarettes, cigars and tobacco sticks** is changed to 27.52 cents per gram from 21.50 cents per gram.

Reporting requirements - Retailers

- Tobacco retailers are required to calculate and report the additional tobacco tax due on their tobacco inventory on-hand, at 12:01 a.m. on July 15, 2020. This includes all cigarettes, tobacco sticks, fine cut tobacco, cigars and other tobacco products 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:133](#) for additional instructions.
- A "[Tobacco Tax 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. July 15, 2020. 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 tobacco tax due on their inventory on-hand, at 12:01 a.m. on July 15, 2020.
- Tobacco wholesalers should refer to tobacco tax notice [TTN:134](#) for additional instructions.
- A “[Tobacco Tax Self-declaration](#)” form is attached to this notice for your convenience.
- Tobacco wholesalers are also encouraged to share this information with any of their retailers on Prince Edward Island that may not be aware of the pending tobacco tax rate change.

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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