



Memorandum D2-3-6

Ottawa, June 8, 2016

Non-commercial Provincial Tax Collection Programs

In Brief

This memorandum has been revised to reflect the Harmonized Sales Tax / Provincial Sales Tax rate, tax regime, tobacco tax rate and alcohol markup changes in the appendices and update the "Legislation and Issuing Office" sections.

This memorandum provides general information for administering agreements between the Canada Border Services Agency (CBSA) and provincial authorities. The CBSA has agreed to collect provincial taxes for certain provinces on non-commercial goods imported through various means, specifically by travellers. As well, this memorandum contains information about the Harmonized Sales Tax (HST) agreements, between the Minister of Finance for Canada and the participating provinces, for collecting the HST on non-commercial importations by travellers.

Details on collecting provincial taxes on non-commercial importations of goods by mail are in the [Memorandum D5-1-1, Canada Border Services Agency International Mail Processing System](#). Details on goods cleared in the courier and commercial streams are in [Memorandum D17-1-22, Accounting for the Harmonized Sales Tax, Provincial Sales Tax, Provincial Tobacco Tax and Alcohol Markup/Fee on Casual Importations in the Courier and Commercial Streams](#).

Importers are encouraged to contact their province of residence or the [Canada Revenue Agency](#) for assistance in determining the tax status of a good.

Legislation

[Canada Border Services Agency Act](#) (S.C. 2005, c. 38)

[Customs Act](#) (R.S.C., 1985, c. 1 (2nd Supp.))

[Customs Tariff](#) (S.C. 1997, c. 36)

[Excise Act, 2001](#) (S.C. 2002, c. 22)

[Excise Tax Act](#) (R.S.C., 1985, c. E-15)

[Federal-Provincial Fiscal Arrangements Act](#) (R.S.C., 1985, c. F-8)

[Importation of Intoxicating Liquors Act](#) (R.S.C., 1985, c. I-3)

[Stamping and Marking of Tobacco Products Regulations](#) (SOR/2003-288)

Note: Amendments have been made to various provincial acts of those provinces with whom the CBSA has agreements to give it the legal authority to collect and remit the PST, tobacco tax, and alcohol markup for the provinces.

Guidelines and General Information

Definitions

1. In this memorandum, the following definitions apply:

Ad valorem – in proportion to the value: applied to certain duties and taxes levied on goods, property, etc. as a percentage of their value.

Alcohol markup – the amount that is payable by an individual as a result of the legislation and assessment of the province on alcohol imports. Markup rates depend on product type and alcohol percentage. Provincial liquor boards set the alcohol markups.

Form B2, Canada Customs – Adjustment Request, or Form B2G, CBSA Informal Adjustment Request are forms travellers may complete and file with a CBSA [casual refund centre](#) to request an adjustment or a refund.

Form BSF715 or BSF715-1 Casual Goods Accounting Document – is a CBSA form that is used to account for and document non-commercial importations. The document indicates the customs duty, excise duty, goods and services tax (GST)/HST, PST, provincial liquor markups or fees, and provincial tobacco tax applicable.

Harmonized Sales Tax (HST) – is the federal Goods and Services Tax (GST) blended with the PST to create a single rate in the participating provinces.

Liquor fee – the liquor fee is a consumption tax imposed directly on consumers of alcohol. It is a provincial assessment on non-commercial imports of alcohol products. The minimal provincial liquor fees are assessed on importations of liquor accompanying a traveller in provinces where there is no agreement to collect alcohol markups.

Non-commercial goods/importations – goods/importations destined for individual use and not intended for sale, commercial, institutional, occupational, or other like use. Otherwise known as “casual goods/importations”.

Non-taxable – goods specifically exempted, relieved subject to point of sale discount or rebate or not payable at importation as provided for in provincial legislation.

Participating provinces – the provinces that have HST agreements with the Government of Canada are New Brunswick, Nova Scotia, Newfoundland and Labrador, Ontario and Prince Edward Island. Please consult Appendix A for the provinces' HST rates.

Provincial authorities – provincial departments of finance and revenue, as well as provincial liquor boards.

Provincial taxes – include, unless otherwise specified, Provincial Sales Tax (PST), tobacco tax, specific tobacco tax, alcohol markup, provincial liquor fees and, in Québec only, a specific tax on alcohol.

Resident – a person who, in the settled routine of that person's life, has a home, resides, and is ordinarily present in Canada.

Seasonal resident – a person who is not a resident of Canada and who leases for not less than three years or who owns, for seasonal use, a residence in Canada other than a time-sharing residence or a mobile home.

Settlers - all individuals who enter Canada with the intention of establishing for the first time a residence for a period of not less than 12 months.

Specific alcohol tax (Quebec) – every person who carries on business or ordinarily resides in Quebec and brings or causes to be brought into Quebec any alcoholic beverage for use or consumption by himself or by another person at his expense, or purchases by way of a retail purchase made outside of Quebec, an alcoholic beverage that is in Quebec shall, on the date that the use or consumption of the alcoholic beverage in Quebec begins, pay to the Minister a specific tax of beer or of any other alcoholic beverage brought in or purchased.

Specific tobacco tax – a tax imposed on tobacco products based on the numerical or weight amount of the product. It applies to cigarettes, tobacco sticks and manufactured tobacco products other than cigars.

Specified motor vehicle – is defined in the [Excise Tax Act](#) to mean a vehicle that is, or that would be, if it were imported, classified under one of several tariff items in Schedule I to the [Customs Tariff](#). Generally, this includes all motor vehicles, other than racing cars classified under heading number 87.03, and any prescribed motor vehicles.

Tobacco tax – is a consumption tax imposed directly on consumers of tobacco. It is a provincial assessment on non-commercial imports of tobacco products.

Taxable goods – means tangible personal property subject to tax under the [Excise Tax Act](#) and the provincial tax act.

Zero rated goods – means goods taxable at 0% (zero-rated) and tax is not charged on these goods.

General Guidelines

2. The PST, tobacco tax, and alcohol markup are assessed only on non-commercial importations when the CBSA has agreements with provincial authorities to collect a specific provincial tax through a given stream.
3. When an agreement exists with a province, the provincial taxes are collected only on goods that are subject to the GST or other federal duties. The CBSA will not collect provincial taxes on remissions or personal effects of settlers and returning residents, except when personal exemptions are exceeded. Appendix A has a list of provincial tax collection agreements between the provinces and the CBSA. For more information on settlers, please refer to [Memorandum D2-2-1, Settlers's Effects – Tariff Item No. 9807.00.00](#).
4. At most travellers processing facilities, the Travellers Entry Processing System (TEPS) will automatically calculate the appropriate PST, HST, tobacco tax, and alcohol markup.

Provincial Sales Tax (PST) /Harmonized Sales Tax (HST)

5. Since some provinces have chosen to exempt certain types of goods from the PST, the PST is not always collected on goods that are subject to the GST. For assistance in determining the tax status of a good, please contact the province's tax authority.
6. The PST is only collected on taxable goods imported by, or released to, residents who are defined as individuals who reside, ordinarily reside, or carry on business in these provinces. Depending on the type of good imported, by a seasonal resident, the PST is not collected. For more information on importation of goods by seasonal residents, please refer to [Memorandum D2-2-3, Importation of Goods by Seasonal Residents](#).
7. The HST rate will be levied on all taxable non-commercial importations by residents of participating provinces. The HST rate will be collected regardless of where a resident or the goods enter into Canada.
8. Importations of taxable non-commercial goods by non-residents into HST-participating provinces are subject only to the GST (in addition to all other applicable duties and taxes). Under the [Excise Tax Act](#), only residents are subject to the provincial component of the HST and, for the purposes of that Act, a seasonal resident is not a resident. Therefore, importations of taxable non-commercial goods by seasonal residents into HST participating provinces are not subject to the provincial portion of the HST.
9. Specified motor vehicles are only subject to GST at the time of importation. The provincial sales tax on vehicles is collected when the owner registers the vehicle with the province.

Provincial Tobacco Tax

10. Residents of provinces with an agreement to collect the tobacco tax are only subject to the tax when they import non-commercial goods into their province of residence. These taxes are not payable when the border services officer is satisfied that the goods are in transit, and/or destined for use or consumption in another province.
11. The [Excise Act, 2001](#) and the [Stamping and Marking of Tobacco Products Regulations](#) came into force on July 1, 2003. Section 4 of the Regulations prescribes a limit of five units of unstamped tobacco products that can be imported for personal consumption. Such shipments are considered non-commercial and are not subject to the stamping provisions that apply to commercial shipments, as stated in Section 3 of the Regulations. However, unless they are stamped, you will have to pay a special duty on these products upon importation on top of the

duties and taxes owing. Importations of tobacco products that are over the five unit limit will be treated as commercial importations. These will be subject to the stamping requirements stated in the Regulations. One unit of tobacco is defined as 200 cigarettes or 200 tobacco sticks or 200 grams of manufactured tobacco or 50 cigars/cigarillos.

Provincial Alcohol Markup

12. Under the [Importation of Intoxicating Liquors Act](#), provincial liquor boards have the sole authority to import intoxicating liquor. The quantities of alcohol a traveller can bring in must be within the limit set by the province or territory where that person will enter Canada. For more information, the appropriate provincial or territorial liquor control authority where the person enters the country should be contacted before arrival back in Canada.

13. A traveller returning from an absence of at least 48 hours can benefit from a personal exemption including:

- (a) 1.5 litres of wine;
- (b) a total of 1.14 litres of alcoholic beverages; or
- (c) up to a maximum of 8.5 litres of beer or ale.

14. For more information on the personal exemptions for residents returning to Canada, please consult [Memorandum D2-3-1, Personal Exemptions for Residents Returning to Canada](#).

15. The minimal provincial liquor fees are assessed on importations of liquor accompanying a traveller in provinces where there is no agreement to collect alcohol markups.

16. Provincial alcohol markups are collected on all non-commercial importations of alcohol entering Canada through provinces that have reached a collection agreement with the CBSA, regardless of the ultimate destination for consumption or the traveller's province or country of residence. When a resident/non-resident is returning to Canada through a province where there is no agreement, the Provincial Liquor Fee would be collected.

Non-payment of the PST, the HST, Tobacco Tax or the Alcohol Markup

17. If an individual refuses to pay the PST, HST, tobacco tax, or alcohol markup, border services officers have the legal authority to detain goods until payment is made.

18. When goods are detained, a border services officer will complete the Form BSF241, *Non-monetary General Receipt*, and give a copy to the individual who has refused to pay.

19. The detention, storage, or disposal of the goods will be handled according to the terms and conditions outlined in the collection agreement. If there are no detention procedures stated in the agreement, the detention, storage, and disposal of the goods are handled according to [Memorandum D4-1-5, Storage of Goods](#), and [Memorandum D2-6-3, Disposition of Alcoholic Beverages](#).

Refunds and Adjustments

20. When federal duties and taxes are refunded, the CBSA will refund any PST, HST, tobacco tax, and alcohol markup collected in error. If there is a dispute over the provincial tax applied to certain goods, the CBSA will forward the claim to the appropriate provincial authority for processing.

21. To get a refund, complete [Form B2G, CBSA Informal Adjustment Request](#), and send it to one of the CBSA casual refund centers indicated on the form.

22. Any interest payable on refunds will be calculated on the federal amount of duties and taxes refunded. No interest will be remitted on the amount of provincial taxes.

23. If the CBSA determines after review that an importer owes an additional federal amount of more than \$7.50, the importer will be notified by letter. The letter will indicate the amount owing, any additional PST, and the reasons for the adjustment. The claim will then be sent to the regional finance area for collection.

24. If the PST has been assessed in error on commercial goods, the importer can file [Form B2, Canada Customs – Adjustment Request](#), or [Form B2G, CBSA Informal Adjustment Request](#).

25. For more information about Form B2G, see [Memorandum D6-2-6, Refund of Duties and Taxes on Non-commercial Importations](#). For more information on Form B2 see [Memorandum D17-2-2, Processing of Adjustment Request Forms](#). For more information about refunds on commercial importations see [Memorandum D6-2-3, Refund of Duties](#).

Dishonoured Items – Chargebacks – Not Sufficient Fund Items

26. Duties and taxes owing are occasionally paid by cheque or credit card. If a cheque is returned by a financial institution due to insufficient funds, or a charge to a credit card is refused, the CBSA will take any necessary action to collect federal duty and tax, as well as any provincial tax owing.

Seizures

27. As PSTs are not duties as defined in section 2 of the [Customs Act](#) and therefore, the PST is not included when calculating the terms of release for the seizure (i.e., provincial rates are not part of the penalty calculations for seizure of the goods or for return of the conveyance).

28. When seizure action is taken against tobacco or alcohol products, tobacco tax and alcohol markups or fees are not assessed. There are no terms of release for these types of goods, except in cases when a seizure is being overturned through an appeal. In such cases, the provincial taxes should be collected before release.

29. The PST will be calculated and assessed independently of the seizure accounting document.

Calculation and Application of the Provincial Sales Tax, Harmonized Sales Tax, Provincial Tobacco Tax, and Alcohol Markup

30. In provinces where there is an agreement to collect the PST, any applicable specific tobacco tax and alcohol markup are added to the value for GST before calculating the PST.

31. The PST on goods and ad valorem provincial tobacco tax on cigars are not calculated on the same value in all provinces. Alberta, Saskatchewan and Manitoba apply the PST and ad valorem provincial tobacco tax on cigars on the duty-paid value, the same value used to calculate GST. Québec applies the PST on goods and the ad valorem provincial tobacco tax on cigars on GST paid value or, the value for GST plus GST. In the participating provinces, HST on goods is calculated on the duty-paid value. In New Brunswick, the ad valorem provincial tobacco tax on cigars is calculated on the value for HST plus HST. However, the ad valorem provincial alcohol markup always applies to the value for GST/HST.

32. Provinces can exempt certain types of goods from the PST and/or apply the exemptions according to provincial legislation. The CBSA will automatically deduct this rebate from the PST/HST payable at the time of importation. For assistance in determining the tax status of a good, contact the province's tax authority or the Canada Revenue Agency for participating HST provinces.

33. The CBSA only collects the GST when specified motor vehicles are imported into Canada. Any applicable provincial sales tax is collected by the provincial motor vehicle authority when the vehicle is registered.

Additional Information

34. For assistance in determining the tax status of a good, please contact the province's tax authority or the [Canada Revenue Agency](#) for participating HST provinces.

35. For more information regarding casual importation of alcohol products, the appropriate provincial or territorial liquor control authority where the person enters the country should be contacted before arrival back in Canada.

36. You can access the Border Information Services (BIS) free of charge throughout Canada by calling **1-800-461-9999**. If you are calling from outside Canada, you can access BIS by calling 204-983-3500 or 506-636-5064 (long distance charges will apply). To speak directly to an agent, please call during regular business hours from Monday to Friday (except holidays), 8:00 to 16:00 local time. TTY is also available within Canada: **1-866-335-3237**. The BIS Web site can be found on the CBSA Website.

Appendix A

Provincial Sales Tax, Harmonized Sales Tax, Tobacco Tax on Non-commercial Importations

The minimal provincial liquor fees are assessed on all importations of alcoholic beverages entering Canada through provinces that have not reached a collection agreement regardless of the ultimate destination for consumption. The minimal provincial liquor fee rates are: 15¢/oz. for spirits; 5¢/oz. for spirit coolers; 10¢/oz. for wine/15¢/oz. for sparkling wine; 5¢/oz. for wine coolers; 5¢/oz. for wine; 5¢/oz. for cider; 1¢/oz. for beer.

Province or Territory	PST/HST Taxable Goods	Tobacco Tax	Alcohol Markup
Newfoundland and Labrador	13% of value for HST	No agreement	Minimal provincial liquor fee
Nova Scotia	15% of value for HST	No agreement	Minimal provincial liquor fee
Prince Edward Island	14% of value for HST	No agreement	Minimal provincial liquor fee
New Brunswick	13% of value for HST	New Brunswick Tobacco Tax	New Brunswick liquor authority Tel: 506-452-6826 www.anbl.com
Québec	9.975% of value for GST	Quebec Tobacco Tax	Quebec Alcohol Markup
Ontario	13% of value for HST	Ontario Tobacco Tax	Ontario Alcohol Markup
Manitoba	8% of value for GST	Manitoba Tobacco Tax	Tel.: 1-800-782-0363
Saskatchewan	5% of value for GST	Saskatchewan Tobacco Tax	Saskatchewan Alcohol Markup
Alberta	N/A	Alberta Tobacco Tax	Minimal provincial liquor fee
British Columbia	7% of value for GST	BC Tobacco Tax	British Columbia liquor authority: bcustoms@bcldb.com
Yukon	N/A	N/A	Minimal provincial liquor fee
Northwest Territories and Nunavut	N/A	N/A	All liquor importations larger than the duty-free entitlement will be referred to territorial authorities.

Appendix B

Federal-Provincial Agreements Status as of January 1, 2016

Province	Harmonized Sales Tax / Provincial Sales Tax	Tobacco Tax	Liquor Markup	Tobacco Tax	Liquor Markup
	Travellers Stream - Postal/Courier/ Other Streams	Travellers Stream		Postal/Courier/ Other Streams	
Newfoundland and Labrador	HST implemented April 1, 1997				
Nova Scotia	HST implemented April 1, 1997				
Prince Edward Island	HST Implemented April 1, 2013				
New Brunswick	HST implemented April 1, 1997	Implemented July 1, 1992		Implemented March 1, 1995	Implemented May 2, 1994
Québec	QST implemented February 1, 1992 and June 1, 1994	Implemented February 1, 1992	Implemented June 1, 1994	Implemented August 1, 1994	
Ontario	HST implemented July 1, 2010	Implemented February 1, 1993	Implemented January 31, 1993		
Manitoba	PST implemented July 1, 1993	Implemented July 1, 1992		Implemented May 2, 1994	
Saskatchewan	PST implemented January 1, 2001 and April 1, 2001	Implemented July 1, 1993			
Alberta		Implemented September 1, 2003		Implemented September 1, 2003	
British Columbia	PST implemented April 1, 2013	Implemented October 1, 1992		Implemented April 1, 2004	

References	
Issuing Office	Other Government Department Programs Program and Policy Management Division Commercial Program Directorate Programs Branch
Headquarters File	
Legislative References	<i>Federal-Provincial Fiscal Arrangements Act</i> <i>Canada Border Services Agency Act</i> <i>Customs Act</i> <i>Customs Tariff</i> <i>Excise Tax Act</i> <i>Constitution Acts, 1867 to 1982</i> Various Provincial Legislation
Other References	D4-1-5 , D5-1-1 , D6-2-3 , D6-2-6 , D17-1-3 , D17-1-22 , D17-2-2
Superseded Memorandum D	D2-3-6 dated July 1, 2010