



**GOVERNMENT OF
NEWFOUNDLAND
AND LABRADOR**

**DEPARTMENT OF FINANCE
TAX ADMINISTRATION DIVISION**

Bulletin No. Tob 413
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**TAX INFORMATION BULLETIN
TOBACCO TAX REBATE
LABRADOR BORDER ZONES**

Effective March 28, 2003, the tobacco tax rebate rates for Labrador West (Labrador City and Wabush) and Southern Labrador (from the Quebec border to the community of Red Bay) have been increased. This increase is due to an increase in the Provincial Tobacco Tax rates.

New tobacco tax rates in these zones apply as follows:

	General Tax Rate	Rebate Rate	Effective Tax Rate
Cigarettes (per cigarette)	15¢	7.9¢	7.1¢
Fine Cut Tobacco (per gram)	15¢	7.5¢	7.5¢

Tobacco tax rates in the border zones have been linked to the tax rates in Quebec since 1997. The reduced rates are similar to tobacco taxes in Quebec, and are designed to decrease cross-border shopping, and make businesses in the Labrador border zones more competitive with their Quebec neighbours.

Retailers are required to pay the general tax rate of 15 ¢ per cigarette or 15 ¢ per gram of fine cut tobacco and apply for a rebate of the difference between the general rates and the Labrador border zone rates. Consumers pay the effective tax rate within the retail price of tobacco.

These rebate rates apply respecting tobacco products invoiced at the new general rates. Inventories purchased prior to March 28, 2003 will be eligible for the rebates in effect at the time purchased by the retailer.

The quota system in the Labrador border zones will remain in effect. The annual quota for cigarettes eligible for the rebate is 110,000 cartons in Labrador West and 16,000 cartons for Southern Labrador. The quota will continue to be delivered on a monthly basis.

Rebate claims should be submitted to the address below:

Department of Finance
Tax Administration Division
P.O.Box 8720
St. John's, NL
A1B 4K1
Phone: (709) 729-6297
Fax: (709) 729-2856
email: taxadmin@gov.nf.ca

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