



**GOVERNMENT OF
NEWFOUNDLAND
AND LABRADOR**

**DEPARTMENT OF FINANCE
TAX ADMINISTRATION DIVISION**

**Bulletin No. Tob 420
Issue Date: March 30, 2006**

**TAX INFORMATION BULLETIN
TOBACCO TAX
LABRADOR BORDER ZONES**

Effective 12:01 a.m. March 31, 2006, 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 in response to an increase in general tobacco tax rate in this province.

New tobacco tax rebate rates in these zones apply as follows:

	General Tax Rate	Rebate Rate	Effective Tax Rate
Cigarettes (per cigarette)	18¢	9.75¢	8.25¢
Fine Cut Tobacco (per gram)	30¢	21.36¢	8.64¢

Tobacco tax rates in the border zones have been linked to the tax rates in Quebec since 1997. The reduced rates effectively match the Labrador border zone rates to those in Quebec. This is designed to decrease cross-border shopping, and to make businesses in the Labrador border zones more competitive with their Quebec neighbours.

Retailers are required to pay the general tax rate of 18¢ per cigarette or 30¢ per gram of fine cut tobacco and apply for a rebate of the difference between the general rates and the Labrador border zone rates. However, consumers pay the effective tax rate when they purchase tobacco from retailers.

The above rebate rates apply to tobacco products invoiced after March 30, 2006. Inventories purchased prior to March 31, 2006 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
Toll Free: 1-877-729-6376
Fax: (709) 729-2856
email: taxadmin@gov.nl.ca