



**DEPARTMENT OF FINANCE
TAX ADMINISTRATION DIVISION**

**Bulletin No. Tob 433
Issue Date: March 23, 2023**

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

Effective 12:01 a.m. April 1, 2023, the tobacco tax rebate for Labrador West (Labrador City and Wabush) and Southern Labrador (from the Quebec border to and including the community of Red Bay) has been adjusted. This decrease is in response to an increase in tobacco tax rates in Quebec.

The effective tobacco tax rates in these zones apply as follows:

Product	General Tax Rate	Rebate Rate	Effective Tax Rate
Cigarettes (per cigarette)	32.5¢	13.75¢	18.75¢
Tobacco, other than cigarettes and cigars (per gram)	56¢	37.36¢	18.64¢

These reduced rates continue to substantially align the Labrador border zones' effective tobacco taxation rates to those in Quebec. This measure is designed to decrease cross-border shopping, and to make businesses in the Labrador border zones more competitive with their Quebec neighbours.

The above rebate rates apply to tobacco products sold after March 31, 2023.

Labrador Border Zone tobacco retailers must also take and record their existing inventory of tobacco products as of 12:01 am, Saturday, April 1, 2023. The *Labrador Border Zone Tobacco Retailer Inventory Return* must be completed and submitted no later than April 20, 2023. Please be advised, the effective tax rate above, applies to this inventory and the department will automatically adjust any future rebate application(s), where necessary.

A nil return is required if there is no tobacco inventory. Failure to submit the inventory return by April 20, 2023 will result in the imposition of a \$100 late filing penalty and may result in delays in processing further rebate claims.

Retailers are required to pay the general tax rate of 32.5¢ per cigarette and 56¢ per gram of tobacco other than cigarettes and cigars, 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.

Monthly rebate claims for retailers should be made using the *Labrador Border Zones Rebate Application Form*.

The quota system in the Labrador border zones will remain in effect. The annual quota for tobacco eligible for the rebate is 110,000 carton equivalents (cigarettes and fine cut tobacco combined) in Labrador West and 16,000 carton equivalents in Southern Labrador. The quota will continue to be monitored on a monthly basis. Rebates will not be granted for quantities in excess of the quota amount.

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) 729-6376
Toll Free: 1-877-729-6376
Fax: (709) 729-2856
email: TaxRebate@gov.nl.ca

Disclaimer: This bulletin is prepared as a guideline and interpretation of the statutes. Where a conflict between the bulletin and statutes arise, the statutes will take precedence.