

Issued December 18, 2020

NOTICE
TAX ON VAPOUR PRODUCTS
(Under the Revenue Administration Act)

Collection and Reporting of Tax, and Vapour Product Tax Exclusion

Effective 12:01 A.M on January 1, 2021 a **tax rate of 20%** will be imposed, at the time of a retail sale, on the purchase price of vapour products under the **Revenue Administration Act**. Also, a person who brings a vapour product into the province as a consumer, shall immediately report and pay the tax that would have been payable had the vapour product been acquired at a retail sale in the province.

COLLECTION AND REPORTING OF TAX

Retailers

A licenced retailer shall collect the tax on vapour products at the time of the sale and issue a receipt that clearly states the amount of vapour products tax collected by describing the amount as Vapour Products Tax or VPT.

A licensed retailer is required, on a monthly basis, to file a return and remit the tax on or before **the 20th day** of the calendar month immediately following the month in which the tax was collected. The first return for the month of January 2021 will be due February 22, 2021, along with the associated tax payment.

A separate return is required for each location of the business unless a consolidated return for multiple locations has been approved by the minister.

Wholesalers

A wholesaler shall at the time of making a sale of a vapour product issue an invoice containing:

- the date of sale;
- the name, address, and wholesaler's licence number of the wholesaler making the sale;
- the name, address, and licence number of the purchaser; and
- the quantity of vapour products sold.

A wholesaler cannot sell to another wholesaler or retailer in the province unless the wholesaler or retailer has been issued a Vapour Products Wholesaler or Retailer Licence, respectively. Licensing must be verified by the wholesaler prior to the sale of vapour products to other wholesalers or retailers.

A licensed wholesaler is **not** required to file a return or remit the tax upon the sale of vapour products as they will sell on a tax exempt basis to other licenced wholesalers and retailers.



VAPOUR PRODUCT TAX EXCLUSION

Cannabis and tobacco are excluded from the vapour products tax.

Vaping devices **only capable** of vapourizing tobacco or cannabis are not taxable, while vaping devices capable of vapourizing tobacco or cannabis and another vaping substance are taxable at the rate of 20% of the purchase price.

Further information regarding this program, including a copy of the licence application for wholesalers and retailers, as well as a listing of frequently asked questions and applicable notices, can be obtained on the Department's website at: <https://www.gov.nl.ca/fin/tax-programs-incentives/business/vapour-tax/>

Disclaimer: Where a conflict between this Notice and statutes arise, the statutes will take precedence.