



## Cigar Tax Changes under the *Tobacco Tax Act* Prescribed Percentage and Effective Date Fixed

This bulletin was revised June 2008 to incorporate formatting changes and changes in ministry name and contact information only.

- [Ontario Tax Bulletin TT 1-2001, Cigar Tax Changes](#), issued February 2001, set out the details of the upcoming changes to the tax on cigars.
- The most notable of the upcoming changes is that the 45% tax rate will be applied to the **taxable price** of a cigar.
- The effective date of the changes has been proclaimed. The prescribed percentage to be used in the calculation of the **taxable price** of a cigar has been set by O. Reg. 135/01.
- This bulletin provides general information. It is not exhaustive and should not be considered as a substitute for the *Tobacco Tax Act* and its regulations.

### General

Effective Date	<b>August 1, 2001</b> is the effective date of the changes to the tax on cigars.
Prescribed Percentage	<b>22%</b> is the prescribed percentage rate to be used where the <b>taxable price</b> of a cigar includes a prescribed percentage (refer to <a href="#">Formula for Taxable Price of Cigar and Calculation of Tax</a> ).
Reminder to Apply for Designation as Cigar Tax Collector	Well in advance of the August 1, 2001 effective date, you need to be designated as a Cigar Tax Collector if you are a wholesaler, importer, manufacturer or an existing tobacco tax collector and deal in cigars. Please send a completed <b>Application for Registration</b> form promptly to the address provided under Additional Information. Application forms were attached to <a href="#">Ontario Tax Bulletin TT 1-2001 - Cigar Tax Changes</a> . The forms are also available by calling the number provided under Additional Information.
Formula for Taxable Price of a Cigar and Calculation of Tax	<p>1. Where the <b>taxable price</b> of a cigar equals the price for which the cigar was purchased by the retail dealer <b>plus</b> the prescribed percentage:</p> <p><b>[(price of purchase by retailer)+(22% x price of purchase by retailer)] x 45% = tax</b></p> <p>The price of purchase by retailer includes all consideration given by the retailer of the cigar as well as federal excise, federal duty excluding GST and all costs and charges relating to mailing, delivery and transportation.</p> <p style="text-align: center;"><b>OR</b></p> <p>2. Where the importer or manufacturer of the cigar is also its retailer:</p> <p style="text-align: center;"><b>(price paid by consumer) x 45% = tax</b></p> <p>Where the importer or manufacturer of a cigar is also its retail dealer, there is no prescribed percentage added. In this instance, the <b>taxable price</b> of the cigar equals the price for which the cigar was purchased, by the consumer, inclusive of all consideration given by the consumer for the cigar as well as federal excise tax, federal duty excluding GST and all costs and charges relating to mailing, delivery and transportation (price paid by consumer).</p>

**Transitional Matters**      The ministry will publish a bulletin detailing transitional matters regarding the changes to cigar tax in advance of the effective date.

### Additional Information

If this bulletin does not completely address your particular situation, refer to the Act and related regulations, or contact the:

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This bulletin and various other English and French tax materials published by the Ministry of Revenue may be obtained online at [ontario.ca/revenue](http://ontario.ca/revenue).

The *Tobacco Tax Act* and Ontario's other public statutes and regulations may be obtained online at [www.e-laws.gov.on.ca](http://www.e-laws.gov.on.ca).

***Ce bulletin est disponible en français.***

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