

Issued December 9, 2020

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

WHOLESALE AND RETAILER IMPLEMENTATION

On September 30, 2020, as part of the budget process, the Government of Newfoundland and Labrador announced plans to implement a tax on vapour products.

As a result of this announcement, on January 1, 2021, an *Act to Amend the Revenue Administration Act* will come into effect which introduces a tax on vapour products as follows.

COLLECTION OF TAX

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.

A “**vapour product**” is defined as a vaping device, a vaping substance, or a vaping package. Below is a description of each subcategory under vapour products:

VAPOUR PRODUCTS	
Products	Description
Vaping Device	A device containing an electronic or battery powered heating element capable of vaporizing a vaping substance for inhalation or release into the air, including a component or part that can be used to build the product or device.
Vaping Substance	A solid, liquid, or gas that is designed for use in a vaping device and on being heated produces a vapour, which may or may not contain nicotine and does not contain cannabis.
Vaping Package	A vaping device and vaping substance sold together for a single price.

LICENCING

Retailer Requirements

Retailers, regardless of whether they have a permanent establishment in the province **must** have a licence, which authorizes the sale or keeping of vapour products for sale at a retail sale in the province.

A retailer shall post the Vapour Products Retailer Licence in a conspicuous place at the retailer’s premises.

Wholesaler Requirements

Wholesalers, regardless of whether they have a permanent establishment in the province **must** have a licence, which authorizes the sale or keeping of vapour products in the province for sale to retailers and other wholesalers.

Wholesalers can receive both a wholesaler licence and retailer licence, if sales are made to both retailers and retail purchasers.

BOOKS AND RECORDS

Wholesaler and retailers shall keep and maintain books and records relating to the taxpayer's business and returns and shall make these available within the province for inspection, examination and audit.

Retailers

A retailer shall at the time of making a sale of a vapour product issue a receipt that clearly states the amount of vapour products tax payable by describing the amount as Vapour Products Tax or VPT.

Wholesalers

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. It is recommended that the wholesaler note the licence number on the invoice to ensure compliance with this requirement.

PENALTIES AND OFFENCES

Penalty for Failure to Collect Tax

Under section 29.(a) and (b) the Minister may impose a penalty equal to the loss sustained, for failure to collect tax, along with 10% of the amount of the loss.

Offences

In addition to the offences prescribed in 32.(1), it is an offence:

- for a person without a valid retailer's licence to sell vapour products to a retail purchaser,
- for a person without a wholesaler's licence to sell vapour products to a retailer, and
- for a person who does not have a valid wholesaler's licence, to sell a vapour product for resale at a retail sale to a person who is not a retailer.

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