



Canadian indirect tax news

Department of Finance cannabis proposals

September 24, 2018

On September 17, 2018, the Department of Finance issued legislative and regulatory proposals applicable to both medical and non-medical cannabis sales. These proposals further implement the new excise duty framework for cannabis products that was announced in Budget 2018 and discussed in our [March 13, 2018 Canadian Indirect Tax News alert](#). The government has also provided a consultation opportunity in anticipation of the legalization of cannabis in Canada on October 17, 2018.

Who?

The proposals will affect licensed cannabis producers packaging medical and non-medical cannabis products.

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Licensed cannabis producers become liable for excise duties on cannabis products at the time the products are delivered to a purchaser in Canadian provinces and territories, provided the products are produced in Canada and for consumption, use or sale to consumers. Under certain circumstances, these duties are payable on October 17, 2018 by the licensed cannabis producer that packaged the product.

What and when?

The excise duties on cannabis products noted in the proposals are deemed come into effect September 17, 2018. Details on the excise duty rates can be found [here](#).

These proposals set out:

- Additional excise duty rates for provinces and territories other than Manitoba, which are in addition to the federal excise duty rates
- Sales tax adjustment rates for Alberta, Nunavut, Ontario and Saskatchewan
- Method for determining value for purposes of applying the *ad valorem* cannabis duty rates

In addition, a consultation period is open to Canadians until October 17, 2018 in respect of:

- Limited exemption for possession of multiple jurisdiction stamped cannabis products
- Third party possession of cannabis excise stamps
- Excise duty exemptions for cannabis products not for human consumption

Questions?

If you have any questions about these proposals, please contact your local Deloitte indirect tax specialist.

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