

# Information Bulletin

TT-1

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## **THE TOBACCO TAX ACT, 1998**

### **GENERAL INFORMATION**

This bulletin outlines the Tobacco Tax rates, reporting requirements, refunds and marking requirements under *The Tobacco Tax Act, 1998*. It is a general guide and not a substitute for the legislation.

*Changes to this bulletin are indicated by a (I) in the left margin.*

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#### **A. TOBACCO TAX RATES**

<b>Product</b>	<b>Tax Rate</b>
<b>Cigarettes and Tobacco Sticks</b>	29.0¢ per cigarette (or tobacco stick)
<b>Cigars</b>	100 per cent of taxable value, with a minimum tax of 35.0¢ per cigar and a maximum tax of \$5.00 per cigar
<b>Smokeless Tobacco</b>	35.0¢ per gram
<b>Other Tobacco (Including Raw Leaf)</b>	35.0¢ per gram
<b>Heated Tobacco Products</b>	21.8¢ per unit (stick, capsule or cartridge)

### **Smokeless and Other Loose Tobacco**

Smokeless and other loose tobacco are taxed per gram or part gram on the combined weight of the product including any casings, fillers, moisture, flavouring or other additives that compose the consumed product in addition to the weight of the tobacco. Where there is a fraction of a gram, the weight is rounded to the nearest gram. The tax payable is calculated separately on each package, and any fraction of a cent resulting from the calculation is deemed to be one cent.

### **Cigars**

The taxable value of a cigar is calculated by one of the methods outlined below:

- If the cigar was manufactured in Canada, the taxable value is the manufacturer's selling price, before any volume discount, multiplied by 1.3. The manufacturer's selling price includes any charges for delivery or transportation and any duty and excise tax imposed under the laws of Canada, but not the Goods and Services Tax (GST).
- If the cigar was manufactured outside Canada, the taxable value is the importer's selling price, before any volume discount, multiplied by 1.3. The importer's selling price includes any charges for delivery or transportation and any duty and excise tax imposed under the laws of Canada, but not the GST.
- If the importer sells to a party who is not dealing at arm's length with the importer and subsequently sells the cigar, the importer's selling price is the greater of the price charged by the importer or the price charged to the third party.
- If the manufacturer or importer of a cigar is also the retailer of the cigar, the taxable value is the price paid by the consumer, including any charges for delivery or transportation but excluding the Saskatchewan Tobacco Tax and GST.

## **B. DEFINITIONS**

### **Cigar**

Means a tobacco product that is sold as a cigar, cigarillo, mini-cigar or cheroot and is in the form of a roll or tube intended for smoking that consists of:

1. a filler composed of natural tobacco, reconstituted tobacco or natural and reconstituted tobacco;
2. a wrapper, or binder and wrapper, composed of natural tobacco, reconstituted tobacco or natural and reconstituted tobacco in which the filler is wrapped; and,
3. may include a mouthpiece (tip) or filter.

For the purposes of the definition of cigar "reconstituted tobacco" is a product that is comprised of 50 per cent or more tobacco.

### **Cigarette**

Includes any roll or tubular construction of tobacco intended for smoking other than a cigar or a tobacco stick, and where any cigarette exceeds 102 mm in length, each 76 mm or less of the cigarette shall be considered to be a separate cigarette.

### **Fine Cut Tobacco**

Means loose tobacco that has been refined up to the point where it is ready to be formed into a cigarette or tobacco stick.

### **Smokeless Tobacco Products**

Means tobacco products that are not smoked but used in another form, and includes chewing tobacco, snuff, snus or nicotine pouches containing tobacco but does not include a heated tobacco product.

### **Tobacco Stick**

Means any roll of tubular construction of tobacco intended for smoking, other than a cigar, that requires further preparation to be consumed, and where any tobacco stick exceeds 90 mm in length or 800 mg in weight, each 60 mm or less, respectively, of the tobacco stick shall be considered to be a separate tobacco stick. This definition does not include heated tobacco product.

### **Heated Tobacco Product**

Means any tobacco product that is designed to be heated, but not combusted, in a heating unit to produce a vapour for inhalation. Heated tobacco products do not include vapour products, which are defined and taxed under *The Vapour Products Tax Act*.

## **C. LICENSING REQUIREMENTS**

### **Licensing Requirements**

#### **Tobacco Retailers**

To ensure compliance with *The Tobacco Tax Act, 1998*, all tobacco retailers will be required to have a Tobacco Retailer Licence **as of December 31, 2024**. A licence must be obtained for each retail location. There is no cost, no renewal, and no reporting requirement associated with this licence. The licence allows retailers to:

- Retail tobacco in Saskatchewan; and,
- Purchase tobacco from a licensed supplier for resale purposes.

location. Each retail location must store its licence at that location and have it available to present for verification by Ministry of Finance officials or law enforcement officers. After December 31, 2024, licenced suppliers will verify that retailers have a valid Tobacco Retailer Licence prior to selling them tobacco products.

All businesses must also be registered for Provincial Sales Tax (PST) in order to collect and remit PST on the sale of PST taxable items (including tobacco products), and to report any tax payable on equipment, supplies and taxable services purchased for their own consumption or use. For further information regarding PST responsibilities and tax return filing, please refer to Information Bulletin [PST-5, Registration and Reporting Requirements](#).

#### First Nations Retailers

First Nations retailers are **not** required to apply for a Tobacco Retailer Licence. The Ministry of Finance will issue a licence to all First Nation retailers that file through the Real Time Validation System (RTVS). There is no cost, no renewal, and no reporting requirement associated with the licence.

#### Tobacco Suppliers

Tobacco suppliers include manufacturers of tobacco in Saskatchewan, importers of tobacco for commercial purposes and wholesalers of tobacco to retailers. All suppliers are required to obtain a Tobacco Tax Supplier Licence. A supplier must verify the purchaser is actively licensed before selling tobacco to a retailer or selling untaxed tobacco to another licensed supplier. Some suppliers may also be required to become Tax Memo filers. For more information regarding tobacco tax memos, please refer to Information Bulletin [TT-3, Tobacco Tax Memo](#).

To become a licensed supplier or manufacturer, you must provide:

- a completed [Tobacco Tax Supplier Licence Application](#);
- a comprehensive business plan and a copy of your most recent financial statement;
- names of all business owners, directors, partners, shareholders, officers, employees, contractors, and any other person dealing directly with the ownership of the business;
- tobacco types intended to be sold or manufactured, estimated sales and documentation to support that products are marked correctly for distribution in Saskatchewan;
- information regarding the source of the supply of tobacco products;
- location(s) where tobacco is to be sold and/or stored;
- details of security measures in place for the storage of tobacco;
- security in the form of a bond or letter of credit; and,
- information concerning any other licences, permits or other authorizations relevant to tobacco held or intended to be held by the person making the application that are issued or may be issued by Saskatchewan, Canada, another province or territory of Canada, another country or a state within that country.

In addition to the above information, manufacturers must provide:

- the products to be manufactured, packaging type and size, as well as production volume for each;
- the supply source(s) of raw leaf tobacco; and,
- where the raw leaf tobacco is to be stored, and the location where the manufacturing is to be carried out and the finished tobacco is to be stored.

**Note:** The Ministry of Finance may require a background check to be provided for:

- the applicant;
- a partner, shareholder, director, officer, employee or contractor of the applicant;
- a person performing some or all of the functions of a director; and,
- any person not dealing at arm's length commercially with the applicant in relation to the business.

Submit the completed application and supporting documentation to [SaskTaxInfo@gov.sk.ca](mailto:SaskTaxInfo@gov.sk.ca) or mail to:

Ministry of Finance  
Revenue Division  
PO Box 200  
Regina, SK S4P 2Z6

## **D. REPORTING REQUIREMENTS**

### **Tobacco Retailers**

Retailers are not required to file returns.

### **Tobacco Suppliers**

Licensed suppliers are required to electronically file monthly tobacco tax returns using Saskatchewan eTax Services (SETS) located at [sets.saskatchewan.ca](http://sets.saskatchewan.ca). Returns are due by the 20th of the month following the reporting period.

In addition to filing monthly tobacco tax returns, suppliers selling tobacco exempt of tax to other licensed suppliers must report the exempt sales details to the Ministry of Finance in the form of a Tobacco Tax Memo. Tax Memos must be submitted monthly to the Ministry of Finance by the 7th day of the month following the reporting period.

The exempt sales details are used to provide tax memo reports to the purchasing supplier to assist in ensuring the correct reporting of tax-exempt purchases on their tobacco tax return. For more information regarding tobacco tax memos, please refer to Information Bulletin [TT-3, Tobacco Tax Memo](#).

### **Individuals**

Individuals importing tobacco into Saskatchewan for their own consumption may be required to report and pay the tobacco tax.

An individual may import, for personal consumption, up to 200 cigarettes, 200 tobacco sticks, 200 grams of loose tobacco and 50 cigars from another province or country, over a 48-hour period, without paying the tax and having the cigarettes and loose tobacco packages marked. Where the product is being imported from the United States, customs officers will collect the appropriate tobacco tax. Since these products will not be marked at the border, an individual may be asked to produce his or her receipt issued by the Canada Border Services Agency as verification that the tax was paid.

No exemption is provided for tobacco that is mailed or shipped from outside Saskatchewan. The shipping of tobacco and vaping products is controlled under several laws and regulations in Canada. Tobacco products are non-mailable from one province to another unless the:

- Shipment is between manufacturers or retailers;
- Shipment is between two consumers; or,
- Mailer is otherwise expressly permitted by federal law to mail the products from one province or territory to another.

The details of tobacco imports, in excess of the personal exemption, must be reported to Finance on or before entry into Saskatchewan. The details to be reported include:

- the name and address of your supplier;
- the name and address of your transporting company;
- the date of the purchase and importation;
- the quantity of tobacco products that you acquired; and,
- copies of the purchase invoices.

This information must be submitted before or immediately after you import the tobacco along with your cheque made payable to the "Minister of Finance" for your tax remittance to:

Ministry of Finance  
Revenue Division  
PO Box 200  
REGINA, SK S4P 2Z6

In addition to Tobacco Tax, the Provincial Sales Tax (PST) must be paid on imported tobacco products in excess of the personal exemption. PST is payable on the laid down cost, which includes purchase price, tobacco tax, currency exchange, transportation charges, customs and excise duties and importation charges, but not the Goods and Services Tax (GST). For further information regarding PST responsibilities and tax return filing, please refer to Information Bulletin [PST-5, Registration and Reporting Requirements](#).

**E. PENALTY AND INTEREST PROVISIONS**

*The Revenue and Financial Services Act and The Revenue Collection Administration Regulations* provide for the application of penalty and interest charges to late returns and payments, and audit assessments. These penalties are utilized to promote compliance with our tax acts and to ensure a fair and competitive environment for all Saskatchewan businesses. Please refer to Information Bulletin [GENERAL-1, Penalty and Interest Charges](#) for details.

**F. TOBACCO STAMPS AND MARKINGS**

**Marked Tobacco**

Each package, carton and case of cigarettes, tobacco sticks or fine cut tobacco imported or sold in Saskatchewan must be marked for tax-paid sale in Saskatchewan by a marking permit holder.

**Saskatchewan-Adapted Federal Stamp**

Packages of cigarettes and fine cut tobacco intended for sale in Saskatchewan must have the green “SK” stamp. The Saskatchewan tobacco stamp is a modified federal tobacco excise stamp that includes the letters “SK” and a background colour of pantone green.



**Peach-Coloured Federal Stamp**

Packages of cigarettes and fine cut tobacco intended for tax-exempt sales to First Nations and through duty-free stores (black stock tobacco) must have the peach-coloured federal stamp to indicate duty has been paid. They do not require the green SK stamp. To purchase, possess, store, or sell black stock tobacco you must be a First Nations band, on-reserve store, or a status Indian that holds a valid *Certificate of Indian Status* card at the time of purchase.



Pipe tobacco, cigars, loose tobacco, raw leaf tobacco, and heated tobacco products for sale in Saskatchewan must be marked with the peach-coloured federal stamp to indicate duty has been paid.

## **G. ILLEGAL ACTIVITIES**

Cigarettes and fine cut tobacco that are not stamped as described in [Section F](#) are illegal. Legitimate tobacco has tobacco tax included in the price.

### **Violations**

Violations under *The Tobacco Tax Act* include:

- Possessing or selling unstamped or improperly stamped tobacco products.
- Buying tobacco from an unlicensed or unauthorized retailer.
- Transporting tobacco products without proper documents.
- Operating a retail location without a valid tobacco retailer license.
- Possessing or purchasing black stock tobacco when not permitted to do so.
- Possessing more than 1,000 cigarettes or tobacco sticks, more than 1,000 grams of fine cut tobacco, cigars containing more than 1,000 grams of tobacco or any combination containing more than 1,000 grams of tobacco unless you:
  - Are a licensed retailer; or,
  - Are a licensed supplier, retailer or marking permit holder or are holding the tobacco on behalf of any of them.

### **Fines and Penalties**

Revenue investigators and other law enforcement officers can lay charges under *The Summary Offences and Procedures Act*. Fines and penalties for businesses and individuals that commit a violation include:

- In the case of individuals:
  - Penalty of \$300 for a first offence for possession of illicit tobacco.
  - Fines up to \$10,000, two years imprisonment, or both.
- In the case of a business:

- Suspension or revocation of any tobacco retailer or supplier license. Revocation of a retailer license prevents a retailer from selling legal tobacco and may impact other provincial licenses.
- Forfeiture of tobacco products.
- Fines up to \$50,000.
- Additional fines equal to two times the amount of any tax evaded.
- Corporate officers or directors who participate in an offence by the corporation are liable to be prosecuted.
- Continued violations may result in a business closure.

### **Inspection and Investigation**

Revenue investigators and other law enforcement officers visit retailers and conduct roadside stops to inspect vehicles and premises for unstamped cigarettes and compliance with the legislation. Given reasonable grounds, revenue investigators and other law enforcement officers may:

- Enter and inspect premises, vehicles, and storage areas (without a warrant).
- Review records related to tobacco inventory, purchases, and sales. Individuals and businesses that fail to produce required documentation may have tobacco seized.
- Seize tobacco products.
- Conduct inspections.

Finance works closely with Canada Revenue Agency, Health Canada, tax administrators in other provinces, the RCMP and other enforcement agencies to detect and curb tobacco smuggling. The tobacco marking program is an important enforcement measure in this regard. Tobacco products that are not properly marked may be seized and forfeited.

*The Tobacco Tax Act, 1998* includes a provision which prohibits persons from purchasing, possessing, storing or selling tobacco products in Saskatchewan that are marked for sale in another jurisdiction. This provision does not apply to the personal exemption limit for tobacco imports or where the Saskatchewan tax has been accounted for prior to bringing the tobacco into the province and arrangements have been made with Finance to obtain the proper markings.

## **H. TAX REFUNDS AND CREDITS**

### **Tobacco Stolen from a Supplier or Retailer**

In order to receive a credit/refund of tax on tobacco that is stolen from a supplier or retailer, the claimant must provide the following documents:

1. copies of the actual invoices relating to the stolen tobacco;

2. a police file number (in the absence of a police file number, an affidavit including a report on the details and quantities of tobacco stolen may suffice); and,
3. a copy of the insurer's report or letter that establishes that the insurer has accepted liability for the stolen product.

Submit refund claims to:

Write: Ministry of Finance  
Revenue Division  
PO Box 200  
Regina, SK S4P 2Z6

Email: [SaskTaxInfo@gov.sk.ca](mailto:SaskTaxInfo@gov.sk.ca)

In the case of a supplier, the amount of the claim that is approved by Finance may be deducted from the next monthly tax remittance.

In the case of a retailer, Finance will reimburse the retailer directly for the approved amount of their claim.

#### **Tobacco Products Destroyed by Flood or Fire**

The procedures and requirements for a wholesale or retail outlet to follow in claiming reimbursement for the tax on tobacco products that are destroyed by flood or fire are the same as when tobacco is stolen, except an affidavit with the details surrounding the loss is required instead of a police report.

#### **Damaged and Stale-dated Tobacco Products**

To receive credit for the tax paid on damaged or stale-dated tobacco products, the tobacco must be returned to the manufacturer; or if it is to be destroyed, Finance must be notified in advance.

Where the product is returned to the manufacturer, the manufacturer must make the appropriate deduction on their monthly report to Finance.

### **I. BUYING AND SELLING A BUSINESS**

When buying or selling a business, please refer to Information Bulletin [PST-77, \*Buying and Selling a Business\*](#). This bulletin outlines the Provincial Sales Tax (PST) obligations of the buyer and seller, including the requirement to obtain a clearance certificate for the bulk sale of business assets. Tobacco suppliers that are selling their business must advise the Ministry of Finance of the sale and are required to provide a tobacco tax inventory of tax paid product when selling a business.

The seller must ensure that they have filed all returns, paid all amounts owing on their

provincial tax account(s), and requested closure of the account(s) when closing a location or ceasing all operations.

**Before finalizing the purchase of a business, the purchaser should obtain a copy of the Clearance Certificate issued by the Ministry of Finance's Revenue Division from the seller. A Clearance Certificate confirms that all taxes collected, payable or for which the seller has become liable to account, have been paid to Finance in full. Failure to obtain a copy of this Certificate could result in the purchaser or seller being held liable for any outstanding taxes unpaid by the seller.**

**J. CORRESPONDING WITH THE MINISTRY OF FINANCE**

When corresponding with Finance, please quote your Tobacco Tax account number or Federal Business Number (BN). This helps to ensure that your tax account is updated correctly.

Finance will only release confidential information about your Saskatchewan tax accounts to authorized representatives. A [Business Consent Form](#) must be completed to add or remove a contact from your account.

**K. TAXPAYER SERVICE COMMITMENTS AND STANDARDS CODE**

The Revenue Division of Finance is committed to continually strive to improve the standard of the services we provide to businesses and taxpayers, and to be accountable for the quality of the services we provide.

The [Taxpayer Service Commitments and Standards Code](#) describes the fairness and service principles that we follow while administering Saskatchewan's taxes and related programs.

**L. TAX TIPS LINE**

When a business or individual does not comply with provincial tax legislation, businesses face unfair competition and a burden is placed on all taxpayers who do comply. It causes significant loss in the revenue available to fund services such as health, education and other important government programs.

The Tax Tips Line provides an anonymous, fully confidential way for the public to report businesses or individuals who are participating in tax fraud. If you suspect that a business or individual is being dishonest with their provincial taxes or is misrepresenting their activities to reduce their taxes, you can report them using the Tax Tips Line.

Please visit our website at [sets.saskatchewan.ca](https://sets.saskatchewan.ca) to find out more regarding types of tax fraud and the information to report, if possible.

The Tax Tips Line is specifically and solely for information related to provincial tax compliance. Any unrelated inquiries or information will not be addressed by the Tax Tips Line and should be directed to the appropriate organization.

How to Report:

- 1) Toll-free 1-833-334-8477
- 2) Write: Ministry of Finance  
Revenue Division  
PO Box 200  
REGINA, SK S4P 2Z6
- 3) [Online Form Submission](#)

#### **M. SASKATCHEWAN eTAX SERVICES (SETS)**

Finance has made it possible to report and remit tax electronically through a secure, fast, easy and convenient online self-service portal. Several services are currently available to businesses through SETS ([sets.saskatchewan.ca](http://sets.saskatchewan.ca)):

- Register for secure, self-managed access to all your tax accounts.
- Apply for a new tax account.
- File and pay returns and amend previously filed returns.
- Make payments on account, including post-dated payments.
- View account balance and statement information.
- Authorize employees or accountants to file on your behalf.
- Receive notifications by email when a tax return should be filed. This replaces the paper forms usually sent in the mail.
- Submit a service request to update the mailing address or add a new business location.
- Submit a service request to receive tax information, interpretations or rulings related to your specific business activities.
  
- View and download up-to-date tax information promptly.
- Subscribe to receive email notifications when new and revised tax publications are available.

#### **FOR FURTHER INFORMATION**

Write: Ministry of Finance  
Revenue Division  
PO Box 200  
REGINA, SK S4P 2Z6

Telephone: Toll Free 1-800-667-6102  
Regina 306-787-6645

Email: [sasktaxinfo@gov.sk.ca](mailto:sasktaxinfo@gov.sk.ca)

Internet: Tax bulletins, forms and information are available at [saskatchewan.ca/business-taxes](http://saskatchewan.ca/business-taxes).

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