

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

Product	Tax Rate
Cigarettes and Tobacco Sticks	29.0¢ per cigarette (or tobacco stick) (Effective Mar 24, 2022)
Cigars	100% of taxable value, with a minimum tax of 35.0¢ per cigar and a maximum tax of \$5.00 per cigar
Smokeless Tobacco	35.0¢ per gram (Effective Mar 24, 2022)
Other Tobacco (Including Raw Leaf)	35.0¢ per gram (Effective Mar 24, 2022)
Heated Tobacco Products	21.8¢ per unit (stick, capsule or cartridge) (Effective Mar 24, 2022)

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:

- i. a filler composed of natural tobacco, reconstituted tobacco or natural and reconstituted tobacco;
- ii. a wrapper, or binder and wrapper, composed of natural tobacco, reconstituted tobacco or natural and reconstituted tobacco in which the filler is wrapped; and,
- iii. 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 or snuff, 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 obtain a Tobacco Retailer Licence **by December 31, 2024**. There is no cost, no renewal, and no reporting requirement associated with the licence. The licence allows retailers to:

- Retail tobacco in Saskatchewan; and,
- Purchase tobacco from a licensed wholesaler.

Tobacco retailers have **from October 1, 2024 to December 31, 2024** to become licensed. To apply for a licence:

- Complete a [Tobacco Tax Retailer Licence Application](#), stating each physical location that a licence is required for; and,
- Submit the completed form to SaskTaxInfo@gov.sk.ca or mail to:

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

Once the application is processed, a licence will be mailed to each physical retail store location. All licenses must be stored at each location and available to present for verification by Ministry of Finance officials or law enforcement officers. Licenced wholesalers will verify that retailers have a valid Tobacco Retailer Licence prior to selling tobacco.

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 see 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. Some suppliers may also be required to become Tax Memo filers. For more information regarding tobacco tax memos, please refer to 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 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). 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 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 see 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 see Information Bulletin [GENERAL-1, Penalty and Interest Charges](#) for details.

F. MARKING PROGRAM

Marked

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. The Saskatchewan tobacco stamp is a modified federal tobacco excise stamp that includes the letters "SK" and a background colour of pantone green.

Pipe tobacco, cigars, loose tobacco, raw leaf tobacco, and heated tobacco products for sale in Saskatchewan have a peach coloured federal stamp to indicate duty has been paid but are not marked with the pantone green Saskatchewan stamp.

Black Stock

Black stock tobacco includes cigarettes, tobacco sticks and fine cut tobacco that is:

- Not stamped or marked for sale with the provincial stamp.
- Is stamped or marked with the federal government's peach 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.

G. ILLEGAL ACTIVITIES

Cigarettes and fine cut tobacco that are not stamped as described are illegal. Legitimate tobacco has tobacco tax included in the price.

Violations and Fines

Tobacco products that are not properly marked may be seized and forfeited. It is an offence for you to have 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 wholesaler, licensed importer, retailer or marking permit holder or are holding the tobacco on behalf of any of them.

The general penalty for committing an offence under *The Tobacco Tax Act, 1998* is, in the case of an individual, a fine of up to \$10,000, two years imprisonment, or both. A corporation is subject to a fine of up to \$50,000 and any corporate officers or directors who participated in an offence by the corporation are also liable to be prosecuted. In addition, the convicting judge is required to impose an additional fine equal to two times the amount of any tax evaded.

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.

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.

Revenue investigators and other law enforcement officers visit retailers and conduct road side 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 also, without a warrant, detain and examine the content of vehicles. If the person fails to produce required documentation, tobacco may be seized, impounded, held and disposed of. Revenue investigators and other law enforcement officers can lay charges under the *Summary Offences and Procedures Act*.

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

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 see 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 and paid all amounts owing on their tax account(s), and request 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 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 being held liable for any outstanding taxes unpaid by the seller.

J. 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.

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 Tax Tips Line.

Please visit our website at www.sets.saskatchewan.ca to find out more regarding types of tax fraud and the information to report, if possible.

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](#)

K. 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:

- 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

Internet: Tax bulletins, forms and information are available at saskatchewan.ca/business-taxes.

To receive automatic email notification when this or any other bulletin is revised, go to sets.saskatchewan.ca/subscribe.

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Government website: Saskatchewan.ca