

Memorandum D2-3-6 Non-Commercial Provincial Tax Collection Programs

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This memorandum provides general information for administering agreements between the Canada Border Services Agency (CBSA) and provincial authorities. The CBSA has agreed to collect provincial taxes for certain provinces on non-commercial goods imported through various means. As well, this memorandum contains information about the Harmonized Sales Tax (HST) agreements, between the Minister of Finance for Canada and the participating provinces, for collecting the HST on non-commercial importations.

Details on accounting for provincial taxes on non-commercial importations of goods by mail are in the [Memorandum D5-1-1, Canada Border Services Agency International Mail Processing System](#). Details on goods cleared in the courier and commercial streams are found in the [Memorandum D17 series](#).

Importers are encouraged to contact their province of residence or the [Canada Revenue Agency](#) for assistance in determining the tax status of a good.

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Updates made to this D-memo

This memorandum has been revised to clarify the rebate on imports by First Nations People (Ontario only) and on how herbal cigarettes are to be processed.

Definitions

1. In this memorandum, the following definitions apply:

Ad valorem – in proportion to the value: applied to certain duties and taxes levied on goods, property, etc. as a percentage of their value.

Alcohol markup – the amount that is payable by an individual as a result of the legislation and assessment of the province on alcohol imports. Markup rates depend on product type and alcohol percentage. Provincial liquor boards set the alcohol markups.

Casual Goods – are defined as goods imported into Canada other than commercial goods; as per [Memorandum D17-1-3, Casual Importations](#) and the [Accounting for Imported Goods and Payment of Duties Regulations](#).

Casual Refund Centre (CRC) – is the CBSA office responsible for the receipt, review and processing of the [form B2G CBSA Informal Adjustment Request](#).

Commercial Goods – Goods imported into Canada for sale or for any commercial, industrial, occupational, institutional, or other similar use.

Form B2, Canada Customs – Adjustment Request, or **Form B2G, CBSA Informal Adjustment Request** are forms travellers may complete and file with a CBSA [casual refund centre](#) to request an adjustment or a refund.

Form BSF715 or BSF715-1 Casual Goods Accounting Document – is a CBSA form that is used to account for and document non-commercial importations. The document indicates the customs duty, excise duty, goods and services tax (GST)/HST, PST, provincial liquor markups or fees, and provincial tobacco tax applicable.

Goods and Services Tax (GST) on the importation of casual goods – Most goods imported into Canada are subject to the federal GST, which is calculated at the rate of 5% of the duty-paid value of the shipment.

Harmonized Sales Tax (HST) – is the federal GST blended with the PST to create a single rate in the participating provinces.

Liquor fee – the liquor fee is a consumption tax imposed directly on consumers of alcohol. It is a provincial assessment on non-commercial imports of alcohol products. The minimal provincial liquor fees are assessed on importations of liquor accompanying a traveller in provinces where there is no agreement to collect alcohol markups.

Non-commercial goods/importations – goods/importations destined for individual use and not intended for sale, commercial, institutional, occupational, or other like use. Otherwise known as “casual goods/importations”.

Non-taxable – goods specifically exempted, relieved subject to point of sale discount or rebate or not payable at importation as provided for in provincial legislation.

Participating provinces – the provinces that have HST agreements with the Government of Canada are New Brunswick, Nova Scotia, Newfoundland and Labrador, Ontario and Prince Edward Island. Please consult [Appendix A](#) for the provinces' HST rates.

Provincial authorities – provincial departments of finance and revenue, as well as provincial liquor boards.

Provincial taxes – include, unless otherwise specified, Provincial Sales Tax (PST), tobacco tax, specific tobacco tax, alcohol markup, provincial liquor fees and, in Québec only, a specific tax on alcohol.

Resident – a person who, in the settled routine of that person's life, has a home, resides, and is ordinarily present in Canada.

Seasonal resident – a person who is not a resident of Canada and who leases for not less than three years or who owns, for seasonal use, a residence in Canada other than a time-sharing residence or a mobile home.

Settlers – all individuals who enter Canada with the intention of establishing for the first time a residence for a period of not less than 12 months.

Specific alcohol tax (Quebec) – every person who carries on business or ordinarily resides in Quebec and brings or causes to be brought into Quebec any alcoholic beverage for use or consumption by himself or by another person at his expense, or purchases by way of a retail purchase made outside of Quebec, an alcoholic beverage that is in Quebec shall, on the date that the use or consumption of the alcoholic beverage in Quebec begins, pay to the Minister a specific tax of beer or of any other alcoholic beverage brought in or purchased.

Specific tobacco tax – a tax imposed on tobacco products based on the numerical or weight amount of the product. It applies to cigarettes, tobacco sticks and manufactured tobacco products other than cigars.

Specified motor vehicle – is defined in the [Excise Tax Act](#) to mean a vehicle that is, or that would be, if it were imported, classified under one of several tariff items in Schedule I to the [Customs Tariff](#). Generally, this includes all motor vehicles, other than racing cars classified under heading number 87.03, and any prescribed motor vehicles.

Tobacco tax – is a consumption tax imposed directly on consumers of tobacco. It is a provincial assessment on non-commercial imports of tobacco products.

Taxable goods – means tangible personal property subject to tax under the [Excise Tax Act](#) and the provincial tax act.

Zero rated goods – means goods taxable at 0% (zero-rated) and tax is not charged on these goods.

Guidelines

2. The PST, tobacco tax, and alcohol markup are assessed only on non-commercial importations when the CBSA has agreements with provincial authorities to collect a specific provincial tax through a given stream.

3. When an agreement exists with a province, the provincial taxes are collected only on goods that are subject to the GST or other federal duties. The CBSA will not collect provincial taxes on remissions or personal effects of settlers and returning residents, except when personal exemptions are exceeded. [Appendix A](#) has a list of provincial tax collection agreements between the provinces and the CBSA. For more information on settlers, please refer to [Memorandum D2-2-1, Settlers's Effects – Tariff Item No. 9807.00.00](#).

4. At most travellers processing facilities, the Travellers Entry Processing System (TEPS) will automatically calculate the appropriate PST, HST, tobacco tax, and alcohol markup.

Provincial Agreements

5. The [Federal-Provincial Fiscal Arrangements Act](#) and the subsequent Order in Council, P.C. 1992-1268 dated June 11, 1992, provide authority to enter into agreements with the provinces and territories with respect to the collection of the PST, provincial tobacco tax and alcohol markup/fee.

6. Amendments have also been made to the respective Provincial Acts for provinces in regards to agreements with the CBSA. Such agreements provide the CBSA with the legal authority to collect and remit the PST, provincial tobacco tax and alcohol markup/fee, and to detain goods should an individual refuse to pay the applicable provincial taxes and/or alcohol markup/fee.

Provincial Sales Tax (PST) / Harmonized Sales Tax (HST)

7. Since some provinces have chosen to exempt certain types of goods from the PST, the PST is not always collected on goods that are subject to the GST. For assistance in determining the tax status of a good, please contact the province's tax authority.

8. The PST is only collected on taxable goods imported by, or released to, residents who are defined as individuals who reside, ordinarily reside, or carry on business in these provinces. Depending on the type of good imported, by a seasonal resident, the PST is not collected. For more information on importation of goods by seasonal residents, please refer to [Memorandum D2-2-3, *Importation of Goods by Seasonal Residents*](#).

9. The HST rate will be levied on all taxable non-commercial importations by residents of participating provinces. The HST rate will be collected regardless of where a resident or the goods enter into Canada.

10. Importations of taxable non-commercial goods by non-residents into HST- participating provinces are subject only to the GST (in addition to all other applicable duties and taxes). Under the [Excise Tax Act](#), only residents are subject to the provincial component of the HST and, for the purposes of that Act, a seasonal resident is not a resident. Therefore, importations of taxable non-commercial goods by seasonal residents into HST participating provinces are not subject to the provincial portion of the HST.

11. Specified motor vehicles are only subject to GST at the time of importation. The provincial sales tax on vehicles is collected when the owner registers the vehicle with the province.

Exemptions

12. Provinces may exempt certain types of goods from the PST and/or apply the exemptions according to its provincial legislation. For assistance in determining the tax status of a good, contact the province's tax authority or the CRA for participating HST provinces.

13. Some casual goods regulated under the [Non-Taxable Imported Goods Regulations](#), are exempt from GST. Goods exempt from GST are also exempt from the HST, PST, provincial tobacco tax, and/or alcohol markup/fee.

Provincial Tobacco Tax

14. Residents of provinces with an agreement to collect the tobacco tax are only subject to the tax when they import non-commercial goods into their province of residence. These taxes are not payable when the border services officer (BSO) is satisfied that the goods are in transit, and/or destined for use or consumption in another province.

15. The [Excise Act, 2001](#) and the [Stamping and Marking of Tobacco, Cannabis and Vaping Products Regulations](#) came into force on July 1, 2003. Section 4 of the Regulations prescribes a limit of five units of unstamped tobacco products that can be imported for personal consumption. Such shipments are considered non-commercial and are not subject to the stamping provisions that apply to commercial shipments, as stated in Section 3 of the Regulations. However, unless they are stamped, you will have to pay a special duty on these products upon importation on top of the duties and taxes owing. Importations of tobacco products that are over the five unit limit will be treated as commercial importations. These will be subject to the stamping requirements stated in the Regulations. One unit of tobacco is defined as 200 cigarettes or 200 tobacco sticks or 200 grams of manufactured tobacco or 50 cigars/cigarillos.

16. Clients cannot obtain release of their casual shipments of tobacco until the payment of the provincial tobacco tax has been remitted to the CBSA.

Note: Herbal cigarettes that **do not** contain tobacco do not fall under the Provincial *Tobacco Tax Acts*. PST/QST may apply as per usual for any goods if imported non-commercially.

Provincial Alcohol Markup

17. Under the [Importation of Intoxicating Liquors Act](#), provincial liquor boards have the sole authority to import intoxicating liquor. The quantities of alcohol a traveller can bring in must be within the limit set by the province or territory where that person will enter Canada. For more information, the appropriate provincial or territorial liquor control authority where the person enters the country should be contacted before arrival back in Canada.

18. A traveller returning from an absence of at least 48 hours can benefit from a personal exemption including:

- (a) 1.5 litres of wine;
- (b) a total of 1.14 litres of alcoholic beverages; or
- (c) up to a maximum of 8.5 litres of beer or ale.

19. For more information on the personal exemptions for residents returning to Canada, please consult [Memorandum D2-3-1, *Personal Exemptions for Residents Returning to Canada*](#).

20. The minimal provincial liquor fees are assessed on importations of liquor accompanying a traveller in provinces where there is no agreement to collect alcohol markups.

21. Provincial alcohol markups are collected on all non-commercial importations of alcohol entering Canada through provinces that have reached a collection agreement with the CBSA, regardless of the ultimate destination for consumption or the traveller's province or country of residence. When a resident/non-resident is returning to Canada through a province where there is no agreement, the Provincial Liquor Fee would be collected.

22. Clients cannot obtain release of their casual shipments of alcohol until the payment of the alcohol markup/fee has been remitted to the CBSA.

Non-payment of the PST, the HST, Tobacco Tax or the Alcohol Markup

23. If an individual refuses to pay the PST, HST, tobacco tax, or alcohol markup, border services officers have the legal authority to detain goods until payment is made.

24. When goods are detained, a border services officer will complete the Form BSF241, *Non-monetary General Receipt*, and give a copy to the individual who has refused to pay.

25. The detention, storage, or disposal of the goods will be handled according to the terms and conditions outlined in the collection agreement. If there are no detention procedures stated in the agreement, the detention, storage, and disposal of the goods are handled according to [Memorandum D4-1-5, Storage of Goods](#), and [Memorandum D2-6-3, Disposition of Alcoholic Beverages](#).

Refunds and Adjustments

26. When federal duties and taxes are refunded, the CBSA will refund any PST, HST, tobacco tax, and alcohol markup collected in error. If there is a dispute over the provincial tax applied to certain goods, the CBSA will forward the claim to the appropriate provincial authority for processing.

27. To get a refund, complete [Form B2G, CBSA Informal Adjustment Request](#), and send it to one of the CBSA casual refund centers indicated on the form.

28. Any interest payable on refunds will be calculated on the federal amount of duties and taxes refunded. No interest will be remitted on the amount of provincial taxes.

29. If the CBSA determines after review that an importer owes an additional federal amount of more than \$7.50, the importer will be notified by letter. The letter will indicate the amount owing, any additional PST, and the reasons for the adjustment. The claim will then be sent to the regional finance area for collection.

30. If the PST has been assessed in error on commercial goods, the importer can file [Form B2, Canada Customs – Adjustment Request](#), or [Form B2G, CBSA Informal Adjustment Request](#).

31. For more information about Form B2G, see [Memorandum D6-2-6, Refund of Duties and Taxes on Non-commercial Importations](#). For more information about refunds on commercial importations see [Memorandum D6-2-3, Refund of Duties](#).

Dishonoured Items – Chargebacks – Non Sufficient Fund Items

32. Duties and taxes owing are occasionally paid by cheque or credit card. If a cheque is returned by a financial institution due to insufficient funds, or a charge to a credit card is refused, the CBSA will take any necessary action to collect federal duty and tax, as well as any provincial tax owing.

Seizures

33. As PSTs are not duties as defined in section 2 of the [Customs Act](#), the PST is not included when calculating the terms of release for the seizure (i.e., provincial rates are not part of the penalty calculations for seizure of the goods or for return of the conveyance).

34. When seizure action is taken against tobacco or alcohol products, tobacco tax and alcohol markups or fees are not assessed. There are no terms of release for these types of goods, except in cases when a seizure is being overturned through an appeal. In such cases, the provincial taxes should be collected before release.

35. The PST will be calculated and assessed independently of the seizure accounting document.

Calculation and Application of the Provincial Sales Tax, Harmonized Sales Tax, Provincial Tobacco Tax, and Alcohol Markup

36. The application of the HST, PST and provincial tobacco tax on casual shipments is based on the province in which the goods are released. The application of the alcohol markup/fee will be assessed based on the province of importation, regardless of the intended final destination of the goods.

For example, casual goods destined to a consumer in Quebec will not be assessed according to the Quebec sales tax, when the goods are released by a courier in Ontario. The Ontario HST will not be applicable either, as the goods are not consigned to that province. Only GST and duties is applicable and no provincial sales tax will be applied. The remaining provincial portion is payable through the importers' self-assessment to the province of Quebec.

37. In provinces where there is an agreement to collect the PST, any applicable specific tobacco tax and alcohol markup are added to the value for GST before calculating the PST.

38. The PST on goods and ad valorem provincial tobacco tax on cigars are not calculated on the same value in all provinces. Alberta, Saskatchewan and Manitoba apply the PST and ad valorem provincial tobacco tax on cigars on the duty-paid value, the same value used to calculate GST. Québec applies the PST on goods and the ad valorem provincial tobacco tax on cigars on GST paid value or, the value for GST plus GST. In the participating provinces, HST on goods is calculated on the duty-paid value. In New Brunswick, the ad valorem provincial tobacco tax on cigars is calculated on the value for HST plus HST. However, the ad valorem provincial alcohol markup always applies to the value for GST/HST.

39. Provinces can exempt certain types of goods from the PST and/or apply the exemptions according to provincial legislation. The CBSA will automatically deduct this rebate from the PST/HST payable at the time of importation. For assistance in determining the tax status of a good, contact the province's tax authority or the Canada Revenue Agency for participating HST provinces.

40. The CBSA only collects the GST when specified motor vehicles are imported into Canada. Any applicable provincial sales tax is collected by the provincial motor vehicle authority when the vehicle is registered.

Harmonized Sales Tax (HST) – Rebate on Imports by First Nations People (Ontario Only)

41. There is a Harmonized Sales Tax (HST) rebate available, **at ports of entry (POEs) in Ontario only**, for First Nations people that are importing eligible non-commercial goods exclusively for their personal use or consumption. Importations

into other Canadian provinces do not qualify for this HST rebate and as such importations made by First Nations people, bands or band-empowered entities are subject to the normal importation rules where importations **are subject to tax** unless they are specifically zero-rated (i.e., taxable at the rate of 0%). The Goods and Services Tax (GST) and HST on imported goods is collected by the Canada Border Services Agency (CBSA) under the authority of the [Customs Act](#) at the time of importation.

42. In addition to the above, importation of goods are subject to the GST/HST even in those instances where, after importation, the property is delivered to a reserve by the vendor's agent or by Canada Post.

43. If eligible, First Nations people of Ontario, bands and councils of bands import qualifying goods, the CBSA may credit the Ontario part of the HST where the conditions in the Ontario Ministry of Finance's [Harmonized Sales Tax Guide 80, Ontario First Nations Point-of-Sale Exemptions](#), are met.

44. **Ontario Eligibility:** To be considered eligible for the HST rebate, importers must be:

1. First Nations people who reside in Ontario; **or**,
2. First Nations people who reside in Canada and reside on the Akwesasne reserve; **or**,
3. Bands or band councils of an Ontario First Nations reserve (including the Akwesasne reserve).

45. **Individuals:** To receive the HST rebate importers must also present the border services officer with either a federal government-issued:

- [Certificate of Indian Status card](#), or a
- [Temporary Confirmation of Registration Document](#), **plus** a piece of government ID with importer's photo and name on it.

46. **Bands and Band Councils:** Bands and band councils of an Ontario First Nations reserve must present written certification that the goods or services are exclusively for consumption or use only by the band or the council of the band.

Additional Information

47. For assistance in determining the tax status of a good, please contact the province's tax authority or the [Canada Revenue Agency](#) for participating HST provinces.

48. For more information regarding casual importation of alcohol products, the appropriate provincial or territorial liquor control authority where the person enters the country should be contacted before arrival back in Canada.

49. You can access the Border Information Services (BIS) free of charge throughout Canada by calling **1-800-461-9999**. If you are calling from outside Canada, you can access BIS by calling 204-983-3500 or 506-636-5064 (long distance charges will apply). To speak directly to an agent, please call during regular business hours from Monday to Friday (except holidays), 8:00 to 16:00 local time. TTY is also available within Canada: **1-866-335-3237**. The BIS Web site can be found on the CBSA Website.

Appendix A – Provincial Sales Tax, Harmonized Sales Tax, Tobacco Tax on Non-commercial Importations

The minimal provincial liquor fees are assessed on all importations of alcoholic beverages entering Canada through provinces that have not reached a collection agreement regardless of the ultimate destination for consumption. The minimal provincial liquor fee rates are: 15¢/oz. for spirits; 5¢/oz. for spirit coolers; 10¢/oz. for wine/15¢/oz. for sparkling wine; 5¢/oz. for wine coolers; 5¢/oz. for wine; 5¢/oz. for cider; 1¢/oz. for beer.

Province or Territory	PST/HST Taxable Goods	Tobacco Tax	Alcohol Markup
Newfoundland and Labrador	15% of value for HST	No agreement	Minimal provincial liquor fee
Nova Scotia	15% of value for HST	No agreement	Minimal provincial liquor fee
Prince Edward Island	15% of value for HST	No agreement	Minimal provincial liquor fee
New Brunswick	15% of value for HST	New Brunswick Tobacco Tax	New Brunswick liquor authority Tel: 506-452-6826 www.anbl.com
Québec	9.975% of value for GST	Quebec Tobacco Tax	Quebec Alcohol Markup
Ontario	13% of value for HST	Ontario Tobacco Tax	Ontario Alcohol Markup
Manitoba	7% of value for GST	Manitoba Tobacco Tax	Tel.: 1-800-782-0363
Saskatchewan	6% of value for GST	Saskatchewan Tobacco Tax	Saskatchewan Alcohol Markup
Alberta	N/A	Alberta Tobacco Tax	Minimal provincial liquor fee
British Columbia	7% of value for GST	BC Tobacco Tax	British Columbia liquor authority: bcustoms@bcldb.com
Yukon	N/A	N/A	Minimal provincial liquor fee

Northwest Territories and Nunavut	N/A	N/A	All liquor importations larger than the duty-free entitlement will be referred to territorial authorities.
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Appendix B – Federal-Provincial Agreements Status as of January 1, 2016

Province	Harmonized Sales Tax / Provincial Sales Tax	Tobacco Tax	Liquor Markup	Tobacco Tax	Liquor Markup
	Travellers Stream - Postal/Courier/ Other Streams	Travellers Stream		Postal/Courier/ Other Streams	
Newfoundland and Labrador	HST implemented April 1, 1997				
Nova Scotia	HST implemented April 1, 1997				
Prince Edward Island	HST implemented April 1, 2013				
New Brunswick	HST implemented April 1, 1997	Implemented July 1, 1992		Implemented March 1, 1995	Implemented May 2, 1994
Québec	QST implemented February 1, 1992 and June 1, 1994	Implemented February 1, 1992	Implemented June 1, 1994	Implemented August 1, 1994	
Ontario	HST implemented July 1, 2010	Implemented February 1, 1993	Implemented January 31, 1993		
Manitoba	PST implemented July 1, 1993	Implemented July 1, 1992		Implemented May 2, 1994	
Saskatchewan	PST implemented January 1, 2001 and April 1, 2001	Implemented July 1, 1993			
Alberta		Implemented September 1, 2003		Implemented September 1, 2003	
British Columbia	PST implemented April 1, 2013	Implemented October 1, 1992		Implemented April 1, 2004	

References

- [Canada Border Services Agency Act](#) (S.C. 2005, c. 38)
- [Customs Act](#) (R.S.C., 1985, c. 1 (2nd Supp.))
- [Customs Tariff](#) (S.C. 1997, c. 36)
- [Excise Act, 2001](#) (S.C. 2002, c. 22)
- [Excise Tax Act](#) (R.S.C., 1985, c. E-15)
- [Federal-Provincial Fiscal Arrangements Act](#) (R.S.C., 1985, c. F-8)
- [Importation of Intoxicating Liquors Act](#) (R.S.C., 1985, c. I-3)
- [Stamping and Marking of Tobacco, Cannabis and Vaping Products Regulations](#) (SOR/2003-288)
- [Constitution Acts, 1867 to 1982](#)
- Various Provincial Legislation

Note: Amendments have been made to various provincial acts of those provinces with whom the CBSA has agreements to give it the legal authority to collect and remit the PST, tobacco tax, and alcohol markup for the provinces.

Superseded memoranda D

D2-3-6 dated February 16, 2022

Issuing office

Program and Policy Management Division
Commercial Program Directorate
Programs Branch

Contact us

[Contact border information services](#)

Related links

- Memorandum D4-1-5 - Storage of Goods (cbsa-asfc.gc.ca)
- Memorandum D5-1-1 - International mail processing (cbsa-asfc.gc.ca)[Memorandum D6-2-3 - Refund of Duties \(cbsa-asfc.gc.ca\)](#)
- Memorandum D6-2-6 - Refund of Duties and Taxes on Non-commercial Importations (cbsa-asfc.gc.ca)
- Memorandum D17-1-3 - Casual Importations (cbsa-asfc.gc.ca)
- B2 – Canada Customs – Adjustment Request (cbsa-asfc.gc.ca)
- CBSA Informal Adjustment Request (cbsa-asfc.gc.ca)[CBSA Informal Adjustment Request \(cbsa-asfc.gc.ca\)](#)