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EDN82 Calculation of vaping duty

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Excise Duty Notice

November 2024

This version replaces the one dated July 2024. This notice has been updated to add information regarding the amendments to the *Excise Duties on Vaping Products Regulations*, including the addition of five additional specified vaping provinces and applicable transitional rules.

Amendments to the Regulations were published in the Canada Gazette, Part II on November 6, 2024.

The purpose of this notice is to provide information on the calculation of vaping duty and additional vaping duty imposed on packaged vaping products stamped in Canada or imported under the *Excise Act, 2001*.

Except as otherwise noted, all statutory references in this publication are to the provisions of the *Excise Act, 2001*. The information in this publication does not replace the law found in the Act and its regulations.

If this information does not completely address your particular situation, you may refer to the Act or relevant regulation, or contact your CRA regional excise office for additional information. The offices are listed at [Contact information – Excise and Specialty Tax Directorate](#).

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Overview

The Canada Revenue Agency (CRA) is responsible for administering and enforcing the excise duty framework for vaping products included in the *Excise Act, 2001*, including the coordinated vaping duty system with specified provinces. The framework includes the imposition of excise duties that generally apply to vaping products manufactured in Canada or imported into Canada and intended for the duty-paid market. The vaping duty and additional vaping duty, as applicable, apply to vaping products whether or not they contain nicotine.

Definitions

The following terms, as defined in the Act, are used in this notice:

Additional vaping duty means a duty imposed under section 158.58 in respect of a specified vaping province. This is in addition to duty imposed under section 158.57.

Container, in respect of a vaping product, means a wrapper, package, carton, box, crate, bottle, vial or other container that contains the vaping product.

Immediate container, in respect of a vaping substance, means the container that is in direct contact with the vaping substance. It does not include a vaping device.

Packaged means that the vaping product is packaged in the smallest package, including any outer wrapper, package, box or other container, in which it is sold to the consumer.

Specified vaping province means a prescribed province under the *Excise Duties and Vaping Products Regulations*. The following are prescribed provinces:

- Ontario
- Quebec
- New Brunswick
- Manitoba
- Prince Edward Island
- Alberta
- Yukon
- Northwest Territories
- Nunavut

Vaping device means property that is one of the following:

- a device that produces emissions in the form of an aerosol and is intended to be brought to the mouth for inhalation of the aerosol
- a vaping pod or another part that may be used with a device referred to above

Vaping duty means a duty imposed under section 158.57.

Vaping product means one of the following:

- a vaping substance that is not contained within a vaping device
- a vaping device that contains a vaping substance

It does not include a cannabis product or a tobacco product.

Vaping substance means a substance or mixture of substances, whether or not it contains nicotine, that is produced to be used, or sold for use, with a vaping device to produce emissions in the form of an aerosol.

Imposition and payment of duty on vaping products

Vaping duty

Under section 158.57, vaping duty is imposed on vaping products manufactured in Canada or imported into Canada in the amount determined under Schedule 8.

Effective January 1, 2024, the timing of when vaping duty becomes payable changed. The vaping duty on vaping products manufactured in Canada is payable by the vaping product licensee that packaged the vaping product at the time the products are stamped, which must be completed before the end of the second calendar month following the month in which it was packaged.

Packaged vaping products that are imported for stamping in Canada must be stamped by the end of the second calendar month following the month in which it was released under the *Customs Act*.

In the case of imported vaping products that are stamped prior to importation, the vaping duty is payable to the Canada Border Services Agency (CBSA) by the importer at the time of importation.

The vaping duty is determined based on the volume or weight of the vaping substance within an immediate container or a vaping device. For more information, refer to the "Calculation of duty payable" section of this notice.

Rates of vaping duty

Effective July 1, 2024, the rates of vaping duty imposed on **vaping liquids** under section 158.57 are:

- \$1.12 per 2 millilitres (mL) or fraction thereof, for the first 10 mL of vaping substance in the vaping device or immediate container
- \$1.12 per 10 mL, or fraction thereof, for amounts over the first 10 mL

Effective July 1, 2024, the rates of vaping duty imposed on **vaping solids** under section 158.57 are:

- \$1.12 per 2 grams (g) or fraction thereof, for the first 10 g of vaping substance in the vaping device or immediate container
- \$1.12 per 10 g, or fraction thereof, for amounts over the first 10 g

For detailed information on the changes to the excise duty rates on vaping products, refer to [Notice EDN96, Budget 2024 – Changes to excise duty rates on vaping products effective July 1, 2024](#).

Additional vaping duty

Under section 158.58, an additional vaping duty is imposed on vaping products manufactured in Canada or imported, if the products are for consumption, use or sale to consumers in a specified vaping province. The amount of additional vaping duty is determined under Schedule 8 of the Act.

This additional vaping duty is in addition to the vaping duty imposed under section 158.57.

Additional vaping duty is payable by the vaping product licensee that packaged or imported the vaping product at the time the vaping product is stamped. In the case of an imported vaping product stamped outside of Canada, additional vaping duty is payable to the CBSA at the time of importation by the importer.

For detailed information on the coordinated vaping duty system, refer to [Notice EDN95, Coordinated vaping duty system](#), and [Notice EDN99, Additional specified vaping provinces effective November 6, 2024](#).

Rates of additional vaping duty

Effective July 1, 2024, the rates of additional vaping duty imposed on **vaping liquids** under section 158.58 are:

- \$1.12 per 2 mL or fraction thereof for the first 10 mL of vaping substance in the vaping device or immediate container
- \$1.12 per 10 mL or fraction thereof for amounts over the first 10 mL

Effective July 1, 2024, the rates of vaping duty imposed on **vaping solids** under section 158.58 are:

- \$1.12 per 2 g or fraction thereof for the first 10 g of vaping substance in the vaping device or immediate container
- \$1.12 per 10 g or fraction thereof for amounts over the first 10 g

Calculation of duty payable

If vaping products are intended for the duty-paid market, paragraphs 158.57(a) and 158.57(a.1) require the vaping product licensee that packages or imports vaping products for stamping in Canada to calculate the vaping duty to determine the amount payable to the CRA. The vaping product licensee must report that amount on [Form B600, Vaping Duty and Information Return](#).

For imported stamped vaping products, under paragraph 158.57(b), duty is payable to the CBSA, at the time of importation, by the importer, owner or other person that is liable to pay duty under the *Customs Act*.

When the vaping products have been stamped for a specified vaping province, the additional vaping duty must be calculated under section 158.58, in addition to the vaping duty under section 158.57.

Example

During a given month, a person must calculate how much vaping duty and additional vaping duty to pay for the following vaping products:

- 40 litres (L) of vaping substance inserted into 25,000 pods, each containing 1.6mL and packaged into 6,250 packages of 4 pods each
- 60 L of vaping substance packaged into 2,400 bottles, each containing 25 mL
- 7 L of vaping substance inserted into 1,400 disposable vaping devices, each containing 5 mL and packaged into 280 packages of 5 devices each, containing 25 mL total
- 3 kilograms of solid vaping substance packaged into 600 containers of 5 g each

The total vaping duty is calculated as follows:**Pods**

Each of the 1.6 mL pods (fraction of 2 mL) attracts \$1.12 in duty as they are the immediate container, directly in contact with the vaping substance.

Therefore, the total vaping duty for the 25,000 pods is **\$28,000** ($\$1.12 \times 25,000$ pods).

If the pods are intended for sale in a specified vaping province, the vaping duty payable would be \$28,000 ($\$1.12 \times 25,000$ pods), and the additional vaping duty payable would be \$28,000 ($\$1.12 \times 25,000$ pods), for a total payable of **\$56,000**.

Bottles

Each bottle of 25 mL attracts \$7.84 in duty ($\$5.60 + \$1.12 + \1.12):

- \$5.60 on the first 10 mL segment ($\$1.12$ per 2 mL \times 5)
- \$1.12 for the second full 10 mL segment over the first 10 mL
- \$1.12 for the last 5 mL (fraction of 10 mL)

Therefore, the total vaping duty for the 2,400 bottles is **\$18,816** ($\$7.84 \times 2,400$ bottles).

If the bottles are intended for sale in a specified vaping province, the vaping duty payable would be \$18,816 ($\$7.84 \times 2,400$ bottles), and the additional vaping duty payable would be \$18,816 ($\$7.84 \times 2,400$ bottles), for a total payable of \$37,632).

Disposable vaping devices

Each vaping device of 5 mL attracts \$3.36 in duty ($\$1.12 + \$1.12 + \1.12):

- \$1.12 on the first 2 mL segment
- \$1.12 for the second full 2 mL segment
- \$1.12 for the last 1 mL (fraction of 2 mL)

Therefore, the total vaping duty for the 1,400 disposable vaping devices is **\$4,704** ($\$3.36 \times 1,400$ disposable devices).

Note that in this section, a package of 5 disposable vaping devices contains a total of 25 mL but attracts \$16.80 ($\3.36×5 devices) in vaping duty whereas the 25 mL bottle in the previous section attracts \$7.84 in vaping duty as the calculation is per immediate container.

If the disposable vaping devices are intended for sale in a specified vaping province, the vaping duty payable would be \$4,704 ($\$3.36 \times 1,400$ disposable devices) and the additional vaping duty payable would be \$4,704 ($\$3.36 \times 1,400$ disposable devices), for a total payable of \$9,408.

Containers of solid vaping substance

Each container of 5 g attracts \$3.36 in duty ($\$1.12 + \$1.12 + \1.12):

- \$1.12 on the first 2 g segment
- \$1.12 for the second full 2 g segment
- \$1.12 for the next 1 g (fraction of 2 g)

Therefore, the total vaping duty for the 600 containers of solid vaping substance is **\$2,016** (\$3.36 × 600 containers).

Payment of vaping duty and additional vaping duty

The vaping product that is manufactured or imported for stamping in Canada, must be stamped and duty-paid by the end of the second calendar month following it being packaged or released under the *Customs Act*.

The vaping product that is imported, packaged and stamped must be duty-paid to the CBSA at the time of importation.

Filing returns

Under section 160, every vaping product licensee must file [Form B600](#), for each calendar month and calculate, report and remit any vaping duty and additional vaping duty payable on that return. The return and any applicable vaping duty and additional vaping duty are due by the end of the following month.

When importing stamped packaged vaping products, duty is remitted at the time of importation to the CBSA.

Keeping books and records

Every vaping product licensee and vaping prescribed person must, under subsection 206(1), maintain all records that are necessary to determine whether they are in compliance with the Act.

Under subsection 206(2.02), every vaping product licensee shall keep records that will enable the determination of the amount of vaping product manufactured, received, used, packaged, re-worked, sold and disposed of, by the licensee. Books and records must be maintained in an appropriate form and manner, and contain sufficient information to allow for the verification of a licensee's compliance with the Act. This includes the licensee's liabilities and obligations with respect to vaping duty, additional vaping duty and the amount of any refund the licensee has claimed.

With respect to the calculation of duties payable, the vaping product licensee must keep sufficient documentation to substantiate the vaping duty and additional vaping duty that is payable.

For more information on the requirement to maintain books and records, refer to [Memorandum EDM9-1-1, General requirements for books and records](#).

Further information

For all **technical publications** related to excise duties, go to [Excise duties technical information](#).

To request an **excise duty licence** for **vaping products**, contact your **regional excise office**. These offices are listed at [Contact information – Excise and Specialty Tax Directorate](#).

For all **enquiries** on the application of excise duty to vaping products, call **1-866-330-3304** or go to [Excise duty on vaping products](#).

For information on how to request a **ruling** or **interpretation** related to the application of excise duty to vaping products, go to [Requesting an excise and specialty tax ruling or interpretation](#).

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