

Tobacco Tax Compliance Measures

Licensing

- Tobacco wholesalers:
 - must obtain a Wholesale Vendor's Permit from the Commissioner.
 - must have a valid Wholesale Vendor's Permit to sell tobacco to retailers.
 - can only sell tobacco to retailers who hold a valid Tobacco Retail Vendor's Permit.
 - may also sell to other wholesalers, providing both hold Wholesale Vendor Permits.
 - are provided with updates of valid Retail Vendor Numbers.
- Retailers:
 - must purchase tobacco from wholesalers who hold a valid Wholesale Vendor's Permit.
 - must have a valid Tobacco Retail Vendor's Permit to sell tobacco to consumers.
- Those purchasing, possessing, storing or selling unstamped tobacco in Nova Scotia must hold a Permit to Purchase and Sell Unstamped Tobacco.
- Those stamping tobacco products must obtain a Permit to Stamp Imported Tobacco.

Security Requirements

The Commissioner may require a wholesale vendor, collector or applicant for a registration certificate to deposit with the Minister a bond by way of cash or other security in such an amount as may be determined by the Commissioner, which shall not in any case be greater than an amount equal to six times the amount of the tax estimated by the Commissioner to be the amount normally collected by the applicant or collector each month in compliance with this Act or the regulations.

Cancellation and Suspension

Grounds for canceling, suspending, refusing to issue or renew a permit include:

- filing a false return
- contravening the provisions of the Revenue Act
- failure to remit tax, or to file a return
- failure to post the required security
- found guilty of an offence against the Act
- possession of a non-approved video gaming device
- possession of a non-approved video amusement device
- contravening the Tobacco Access Act
- conviction of an offence under the Criminal Code (Canada), the Excise Tax Act (Canada) or the Income Tax Act (Canada).

Before cancellation or suspension, persons are afforded the opportunity to present reasons to the Tax Commission as to why the permit should not be canceled or suspended.

Audit

In making an assessment, the Commissioner shall not consider a period or periods of time greater than four years prior to the date of commencement of the inspection, audit or examination of the books of account, records or documents, unless the Commissioner deems the person did not exercise the degree of care, diligence and skill to prevent an offence that a reasonably prudent person would exercise in comparable circumstances, or if there is evidence that the person has committed fraud, and the results may be applied over the period or any part of the period.

Fines and Penalties

The following penalties can be imposed under the Revenue Act:

- 5% - failure to pay or remit tax
- 5%-100% - willful failure to remit tax collected
- 25% - failure to pay tax by willfully making a false statement
- 25% - failure to maintain records

See [Bulletin 5036](#) for more information.

Inspections

Compliance officers visit retailers and inspect the premises for **unstamped** cigarettes and compliance with the legislation. Given reasonable grounds, compliance officers may also, without a warrant, detain and examine the contents of vehicles. If the person fails to produce required documentation, tobacco may be seized, impounded, held and disposed. Compliance staff cooperate with and assist police agencies and Federal Government Departments with investigations. They can lay charges under the Revenue Act.