
Tobacco Charges Regulations Guide

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Également disponible en français sous le titre :

Guide du Règlement sur les redevances à payer sur le tabac

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Disclaimer: This document is intended to provide general information assistance to industry on how to comply with the *Tobacco Charges Regulations*.

This document should be read in conjunction with the *Tobacco Charges Regulations*, the relevant sections of the *Tobacco and Vaping Products Act* and, where applicable, its other regulations. In the case of any discrepancies between this document and the *Tobacco and Vaping Products Act* and its regulations, including the *Tobacco Charges Regulations*, the Act and its regulations shall prevail. This document may be updated from time to time so the reader is encouraged to check back periodically.

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1. Introduction

1.1 Purpose

This guide supports designated manufacturers to understand the [Tobacco Charges Regulations](#) requirements and timelines (herein referred to as the “Regulations”).

It provides information about the Regulations, with a focus on how Health Canada administers the annual charge, how designated manufacturers need to report their net sales revenue in the *Statement of Tobacco Sales and Revenue* form (herein referred to as the “statement”), and how to pay the annual charge.

1.2 Background

The [Tobacco and Vaping Products Act](#) (TVPA) and its regulations lay a strong foundation for the Government of Canada’s activities to address the health hazards caused by the use of tobacco and vaping products. The TVPA regulates the manufacture, sale, labelling, and promotion of tobacco and vaping products.

Amendments to the TVPA that received Royal Assent on June 20, 2024, include:

- Allowing the making of regulations about fees or charges
- Providing new authorities for compliance and enforcement tools to support tobacco and vaping cost recovery
- Allowing customs information collected under the [Customs Act](#) to be shared with Health Canada to administer and enforce the TVPA
- Allowing Health Canada to share information collected under the TVPA with other federal ministers for certain purposes

At the same time, amendments were included within the [Excise Act, 2001](#) to allow certain information collected under this Act to be shared with Health Canada for the TVPA administration or enforcement.

The *Tobacco Charges Regulations* and the associated [Regulatory Impact Analysis Statement](#) were published in the *Canada Gazette*, Part II on March 26, 2025. The Regulations came into force on May 1, 2025, except for the section on public disclosure of information that comes into force on April 1, 2028.

The Regulations require designated manufacturers, including importers, to pay an annual charge. They set the formula for the annual charge, the sales and revenue information designated manufacturers must submit, record-keeping rules, and what information the Minister will make public about the annual charges.

1.3 Scope

This guide applies to all designated manufacturers (herein referred to as “manufacturers”) – entities in Canada that manufacture or import tobacco products for retail sale in Canada.

It does **not** apply to:

- Entities that only package, label or distribute tobacco products (including any combination of these activities)
 - For example, wholesalers that do not manufacture or import tobacco products for retail sale and only package, label, or distribute tobacco products
- Tobacco retailers that do not manufacture or import tobacco products for retail sale

2. Annual Charge

2.1 Description

The annual charge is the amount, in Canadian dollars (CAD), that a manufacturer must pay each fiscal year in order for the Government of Canada to recover the costs of the previous fiscal year’s tobacco-related activities (annual cost base).

Your annual charge is proportional to your share of total domestic tobacco product net sales revenue in the previous fiscal year. Health Canada calculates it using: (1) the annual cost base to be recovered, (2) each manufacturer’s domestic tobacco product net sales revenue, and (3) the total net sales revenue of all manufacturers in the domestic market (see section 4 – Charge Calculation for details). The fiscal year runs from April 1 to March 31.

2.2 Annual Cost Base

Each year, Health Canada determines the annual cost base to be recovered using the actual federal costs for included tobacco-related activities from the previous fiscal year. Included costs cover tobacco-related activities undertaken by the Government of Canada in relation to the carrying out of the purpose of the TVPA. This amount will vary year to year.

Starting with the 2026–27 Report on Fees, Health Canada will report each year on tobacco program costs and revenues from the cost recovery framework in the [Departmental fees report](#).

3. Sales and Revenue

3.1 Statement of Sales and Revenue

All manufacturers must submit a statement no later than April 30 of each fiscal year that reports their tobacco product net sales revenue for the previous fiscal year.

Use the *Statement of Tobacco Sales and Revenue* form to report your net sales revenue. Submit the latest form without changing its format, and ensure print and copy functions are enabled. If the form is amended by Health Canada, we will notify manufacturers and distribute the new electronic form.

Send the completed form electronically, in the original format, in the manner specified in the form. To request this form, please send an email to tcr-rct@hc-sc.gc.ca.

3.1.1 Tobacco product net sales revenue inclusions

Report your net sales revenue for retail products that are made in whole or in part of tobacco and sold:

- At retail in Canada (for example, in gas and convenience stores, tobacconists, duty-free shops, online stores)
- As ships' stores (see the [Ships' Stores Regulations](#))
- To an accredited representative (as defined in section 2 of the *Excise Act, 2001*)

Tobacco products

Tobacco product categories to report (domestic net sales revenue):

- Cigarettes
- Cigars
- Little cigars
- Cigarette tobacco
- Leaf tobacco
- Pipe tobacco
- Water pipe tobacco
- Smokeless tobacco
- Heated tobacco products
- All other types of tobacco product that are made in whole or in part of tobacco

Ship's stores

The *Ships' Stores Regulations* list goods used on qualifying conveyances that may be relieved of normal duties and taxes. Tobacco products sold to be used on passenger ships, fishing ships and international aircrafts are examples of ships' stores goods.

Accredited representative

An "accredited representative" is a person entitled to tax exemptions under the [Foreign Missions and International Organizations Act](#). Sales of tobacco products to embassies and foreign missions are examples of sales to accredited representatives.

Shipping

Shipping costs to distributors and retailers should be included in the net sales revenue if they are part of the value of the manufacturer's sales of tobacco products (that is, if they were included in the value paid by the buyer of the tobacco products).

Monetary and non-monetary consideration

Include, in your net sales revenue, the value of the revenue received from the sale price and any additional consideration you receive for the sale of tobacco products.

- Monetary consideration is any money payment (financial compensation) you receive from the sale of tobacco products.
- Non-monetary consideration is any other thing of value you receive from a third party or another entity for the sale of tobacco products (for example, goods, services or other assets) that is not a money payment.

This ensures you report the full value received from tobacco product sales.

3.1.2 Tobacco product net sales revenue exclusions

Exclude from the reported net sales revenue the following products:

- Papers, tubes, or filters intended for use with a tobacco product, a device that is necessary for the use of a tobacco product or the parts that may be used with that device

Exclude the following amounts from the reported net sales revenue:

- All taxes or duties related to selling tobacco products (for example, excise duties, additional duties, special duties, customs tariffs, provincial sales tax)
- The value of tobacco products returned to you during the same fiscal year period

3.2 How to Complete the Statement

Before you start, read the instructions that come with the statement. Include the following in your submission:

- The manufacturer's name, telephone number, email address, and the civic address of the principal place of business in Canada
- The name, telephone number, email address, and workplace civic address of the individual who prepares the statement

- The name, telephone number, email address, and workplace civic address of the individual responsible for the manufacturer's financial affairs. If they work for another entity, include that entity's name and its Canadian principal place of business contact details (telephone number, email address, civic address)
- The name, telephone number, email address, and Canadian workplace civic address of the individual responsible for annual charge payment communications
- The business number assigned by the Minister of National Revenue
- The date of the statement and the fiscal year it covers
- Net sales revenue (CAD) for each tobacco product category sold and the total net sales revenue
- For tobacco products sold by weight: the total kilograms sold during the fiscal year minus the total kilograms returned during the same fiscal year
- For tobacco products sold as a unit or packages with more than one unit: the total number of units sold during the fiscal year minus the total number of units returned during the same fiscal year
- The total value (CAD) of any excise duty imposed during the fiscal year on the tobacco products sold minus the total value (CAD) of any excise duty imposed during the same fiscal year on any returns
- Two signed and dated attestations
 - 1) By the individual who prepares the statement confirming that submitted information is correct and complete
 - 2) By the individual responsible for financial affairs confirming that the statement was prepared in accordance with generally accepted accounting principles (GAAP)

The same person can sign both attestations if they hold both roles.

Net sales revenue for a tobacco product category is the total wholesale value at which the manufacturer sells the product to distributors or retailers.

When reporting net sales revenue, remember to:

- Report in Canadian dollars (CAD)
- Break down by product category
- Include the value of monetary and non-monetary consideration (see section 3.1.1 Tobacco product net sales revenue inclusions)
- Exclude all taxes or duties related to the sale of tobacco products (see section 3.1.2 Tobacco product net sales revenue exclusions)
- Exclude the value of tobacco products returned during the same fiscal year

Before you submit the statement, ensure that:

- ✓ All required fields are complete (see Section 3.2 How to Complete the Statement for required submission elements such as manufacturer name, product categories, net sales revenue, attestations, etc.)
- ✓ The financial information is for the previous fiscal year (April 1- March 31)
- ✓ For each product category sold in a previous fiscal year, provide the total number of units or total weight sold and the matching net sales revenue
- ✓ If you reported under “all other types of tobacco product” category, the type of tobacco product is specified
- ✓ Report weight in kilograms (not grams) for tobacco products sold by weight
- ✓ Report number of units, not number of packages, for tobacco products sold by unit or as a package (containing more than one unit)
- ✓ The total net sales revenue equals the sum of net sales revenue by product category
- ✓ The total excise duties equal the sum of excise duties by product category

Blank cells in the statement are treated as nil (no sales last fiscal year for that product category). Manufacturers must break down revenue by category; however, the category breakdown does not change the annual charge calculation.

See Appendix 3 for a detailed submission checklist.

3.3 Clarification Requests

Health Canada reviews submitted statements for completeness and accuracy. If clarification is needed because information in the statement is missing or unclear, Health Canada may request more information.

Manufacturers have 10 calendar days from the date of the request to respond. See section 3.5 Failure to Submit the Statement or to Provide Accurate Information for possible measures if incorrect or incomplete information is provided.

3.4 Record Keeping

Keep all documents used to submit the statement or any clarifying information:

- ✓ For at least seven years after submission of the statement
- ✓ In a paper or electronic form at the manufacturer’s principal place of business in Canada
- ✓ So they are readily accessible at all times and can be provided to Health Canada upon written request

Every manufacturer that fails to meet the record keeping requirements is guilty of an offence and liable on summary conviction to a fine of up to \$50,000.

3.5 Failure to Submit the Statement or to Provide Accurate Information

Manufacturers must submit the statement no later than April 30 for the previous fiscal year.

If you miss the deadline to submit the statement or provide incorrect or incomplete information in the statement, Health Canada may take appropriate measures such as:

- Estimate your total net sales revenue and your annual charge (see section 4.3 Estimation)
- Issue an order to stop the sale of one or more tobacco products
- Seize any tobacco products if not respecting the stop sale order

Health Canada inspectors may also visit manufacturers to collect information using the inspection powers under subsection 35 (2) of the TVPA.

Every manufacturer that contravenes an order is guilty of an offence and liable on summary conviction to a fine of up to \$50,000.

4. Charge Calculation

4.1 Calculation of the Annual Charge

Health Canada calculates each manufacturer's annual charge based on their share of domestic net sales revenue in the previous fiscal year (April 1 to March 31) using the net sales revenues reported in statements.

The annual charge for each manufacturer is calculated by the following formula:

$$A \div B \times C$$

where

A is the manufacturer's total net sales revenue for the previous fiscal year;

B is the aggregate of the total net sales revenue of all manufacturers for the previous fiscal year; and

C is the annual cost base for the previous fiscal year.

This means your annual charge depends on the annual cost base from the previous fiscal year and your market share of total domestic tobacco product net sales revenue for the same fiscal year.

See Appendix 1 for an example of an annual charge calculation.

4.2 Exception

If your total net sales revenue is less than 0.001% of the total domestic net sales revenue of all manufacturers in a previous fiscal year, you do not have to pay the annual charge. Health Canada determines who is below this threshold from the submitted statements and will inform those manufacturers.

All manufacturers must still submit the statement no later than April 30.

See Appendix 1 for the application of the 0.001% threshold in the annual charge example.

4.3 Estimate

If you do not submit a statement for a specific fiscal year, or Health Canada has reasonable grounds to believe your statement is incorrect or incomplete, Health Canada may estimate your total net sales revenue using any relevant available information to calculate the annual charge and issue an invoice. The invoice will state that an estimate was used.

You must pay the full invoiced amount no later than November 30 of each fiscal year, even if you disagree with the estimate. It is your responsibility to demonstrate the estimate was inaccurate; this does not extend the payment deadline. You may submit information to contest the estimate, but any corrections will appear on the following year's invoice (see section 4.4 Corrections). Health Canada inspectors may also visit the manufacturer to collect the needed information using the inspection powers under the subsection 35 (2) of the TVPA.

4.4 Corrections

Corrections help to ensure correct and fair annual charges when new information shows that one or more manufacturers were charged too much or too little in a previous fiscal year. If, based on new information, Health Canada has reasonable grounds to believe a correction is needed to a manufacturer's previously calculated annual charge, it will recalculate the annual charge using the new information. This may create either an amount owed or a credit. If other manufacturers' market shares are affected by the recalculation, their charges could also be corrected for that previous fiscal year depending on the facts of each case.

Recalculation of annual charge

Health Canada recalculates the annual charge (see the formula above in subsection 4.1 Calculation of the Annual Charge) and subtracts the original amount from the recalculated amount (i.e., recalculated annual charge – original annual charge calculated). If the result is positive, you owe an amount. If negative, you are owed a credit.

If the result is an amount owing:

- If your impacted previous market share was at least 0.001% and you had paid an annual charge, you must pay the positive difference (the extra amount)
- If your impacted previous market share was below 0.001% but is now at least 0.001% after recalculation, you must pay the full recalculated annual charge

If the result is a credit:

- If your impacted previous market share was at least 0.001% and you paid an annual charge, Health Canada must credit you the difference.
 - That difference will consist of the full original annual charge you had paid if, after recalculation, your market share is below 0.001%.
- If your impacted previous market share was below 0.001%, no credit is issued

Correction sources

Corrections may be started by you (for example, if you find an error in a submitted statement) or by Health Canada (for example, after inspections or by comparing the statement to other relevant sources of information).

Correction time limit

Health Canada may correct an annual charge within seven years after November 30 of the fiscal year following the fiscal year to which the new information relates. For example, for fiscal year 2025–26, new information received no later than November 30, 2033, can lead to a correction of a previously calculated annual charge.

Correction payment

Amounts owed or credits from a correction are combined with the next annual charge invoice. The invoice will note that a correction was made. Manufacturers must pay amounts owing no later than November 30 each fiscal year. Health Canada must issue credits by the same date.

5. Annual Charge Payment Procedures

5.1 Invoices

Each year, after reviewing statements, Health Canada issues invoices to manufacturers whose total domestic net sales revenue is at least 0.001% of the total domestic net sales revenue of all manufacturers for the previous fiscal year.

Invoices are sent no later than October 30¹. They will state the amount payable and payment terms, and whether an estimate was used (see section 4.3 Corrections) or a correction was made (see section 4.4 Estimate).

Notify Health Canada of any changes to your contact or mailing address.

5.2 Payment Due Date

Pay the annual charge (including any correction amount) in full no later than November 30 of the fiscal year in which it is charged.

5.3 How to Pay

For current payment options and instructions visit the Health Canada payment page: [How to Pay Health Canada Fees – Canada.ca](#).

5.4 Late Payments

You are responsible for paying the annual charge in full and on time.

Interest charges start to accrue immediately on overdue payments, in accordance with the [Interest and Administrative Charges Regulations](#).

5.5 Failure to Pay

In addition to interest charges, if you do not pay the annual charge in full by November 30, Health Canada may among other actions:

- Issue an order to stop the sale of one or more tobacco products
- Seize any tobacco products if not respecting the stop sale order

Every manufacturer that contravenes an order is guilty of an offence and liable on summary conviction to a fine of up to \$50,000.

Unpaid invoices become a debt to the Government of Canada and remain until paid in full. Debt recovery starts immediately when an account is overdue and can include one or more collection activities to recover the amount that is owed.

¹ This date is not a time limit under the *Tobacco Charges Regulations*. It is a projected issuance date and does not create any obligation for the Minister.

6. Disclosure of Information

For transparency, Health Canada will publish each year the names of manufacturers that:

- Had to pay an annual charge or an amount from a correction for a fiscal year
- Failed to submit a statement or provided incorrect or incomplete information in the statement for a fiscal year
- Failed to pay an annual charge or an amount from a correction for a fiscal year

Health Canada will also disclose measures taken for non-compliance.

This information will be posted on Health Canada's website by November 30 of each fiscal year. The first disclosure will be no later than November 30, 2028, for the 2027–28 fiscal year information.

7. Contact Information

- For questions about the tobacco cost recovery framework or the invoice, email **Tobacco Cost Recovery** at tcr-rct@hc-sc.gc.ca.
- For general questions about the *Tobacco and Vaping Products Act* and its regulations, email tcp.questions-plt@hc-sc.gc.ca.

Appendices

Appendix 1 – Annual Charge Example

The annual charge invoiced each year to each manufacturer is the amount calculated by the following formula:

$$A \div B \times C$$

where

A is the manufacturer's total net sales revenue for the previous fiscal year;

B is the aggregate of the total net sales revenue of all manufacturers for the previous fiscal year; and

C is the annual cost base for the previous fiscal year.

Example:

Manufacturer T domestic net sales revenue \div Total domestic market-wide net sales revenue (all manufacturers) \times Annual cost base

\$1 million

\$4 billion

\$40 million

$$= \$1 \text{ million} \div \$4 \text{ billion} \times \$40 \text{ million} = \mathbf{\$10,000 \text{ annual charge}}$$

Based on the \$4 billion total domestic market-wide net sales revenue of all manufacturers, any manufacturer with the reported net sale revenue of less than \$40,000 would not be required to pay the annual charge (because market share would be under 0.001%).

Appendix 2 – Key Dates

Activity	Due Date (no later than)
Statement of sales and revenue submission	April 30
Annual charge invoice issuance*	October 30
Annual charge due date payment	November 30
Public disclosure of information	November 30 (starting in 2028)

*This date is not a time limit under the *Tobacco Charges Regulations*. It is a projected issuance date and does not create any obligation for the Minister.

Appendix 3 – Statement Submission Checklist

Use this checklist to ensure the completeness of the statement before submitting it.

Item	Checklist	Yes / No
The latest statement form is used	<ul style="list-style-type: none"> ✓ Submitted electronically in original format ✓ The layout of the form not modified ✓ Print and copy functions enabled 	□ / □
Reporting period is April 1 to March 31 of the appropriate fiscal year	<ul style="list-style-type: none"> ✓ The fiscal year matches the required period and is clearly labeled 	□ / □
Manufacturer name, business number and statement preparer information are complete	<ul style="list-style-type: none"> ✓ The manufacturer's name and up-to-date contact information included ✓ The individual who prepares the statement clearly identified (for example, name, contact details) 	□ / □
Sales information for each product category is complete and properly formatted	<ul style="list-style-type: none"> ✓ Each tobacco product category is itemized ✓ The total number of units or total weight sold and the matching net sales revenue (CAD) are provided for each product category sold ✓ Report number of units, not number of packages, for tobacco products sold by unit or as a package (containing more than one unit) ✓ Report weight in kilograms (not grams) for tobacco products sold by weight ✓ If you reported under "all other types of tobacco product" category the type of tobacco product is specified 	□ / □
Net sales revenue and excise duties are clearly and accurately reported	<ul style="list-style-type: none"> ✓ Net sales revenue figures are numerical and in CAD ✓ The total net sales revenue equals the sum of reported net sales revenue by product category ✓ The total excise duties equals the sum of reported excise duties by product category ✓ The following amounts are excluded from reported net sales revenue: 	□ / □

Item	Checklist	Yes / No
	<ul style="list-style-type: none"> ○ <u>All</u> taxes or duties related to sale of tobacco products ○ The value of tobacco products returned during the same fiscal year 	
Attestation sections are completed, signed and dated	<p>The statement includes two signed attestations:</p> <ul style="list-style-type: none"> ✓ By the individual who prepares the statement ✓ By the individual responsible for the financial affairs of the manufacturer 	□ / □