

**Ministry of Finance**  
**BRIEFING DOCUMENT**

**To:** Honourable Katrine Conroy  
Minister of Finance

**Date Requested:** March 23, 2023  
**Date Required:** August 22, 2023

**Initiated by:** Michelle Lee  
Executive Director  
Revenue Division

**Date Prepared:** March 23, 2023

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Revenue Division

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Michelle Lee  
Executive Director  
Revenue Division

**Phone Number:** 778-698-9609  
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**Cliff #:** 500392

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**TITLE:** Amendment of Tobacco Tax Act Regulation (TTAR)

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**PURPOSE:**  
**(X) DECISION REQUIRED**

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**COMMENTS:** Increasing administrative seizure limit for unlawful tobacco.

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**DATE PREPARED:** March 23, 2023

**TITLE:** Amendment of *Tobacco Tax Act Regulation* (TTAR)

**ISSUE:** Increasing the prescribed limit for tobacco seizures by inspectors.

**BACKGROUND:**

Section 51(2)(a) of the *Tobacco Tax Act* (TTA) empowers the director to seize and remove unlawful tobacco in certain circumstances. The director and their delegates, ministry inspectors, cannot seize more than the quantity prescribed in section 33 of the *Tobacco Tax Act Regulation* (TTAR), which was initially set at 4,000 grams in 1995.

The government enabled these administrative seizures to reduce demands on peace officers and to deter possession of small amounts of unlawful tobacco. The government last increased the limit in 2000, to 10,000 grams (50 cartons of cigarettes, or one case).

The Ministry of Finance's Consumer Taxation Audit Branch conducts TTA retail inspections. If inspectors find unlawful tobacco above the 10,000-gram limit, they may call on the ministry's Investigations Unit. Ministry investigators are classified as peace officers and can obtain a warrant to seize the tobacco as part of a criminal investigation.

s. 13

s. 13

Additionally, in 2021, the Select Standing Committee on Finance and Government Services recommended ensuring there is robust enforcement of illegal tobacco.

**DISCUSSION:**

When the current seizure limit was set in 2000, the tobacco tax rate was \$0.11 per gram. Since that time it has nearly tripled, to \$0.325 per gram.

s. 13, s. 17



s. 14

s. 13, s. 17

## **OPTIONS:**

**Option 1: Approve the Order in Council with a seizure limit of 250,000 grams and forward to Cabinet for consideration**

- Improves the ministry's ability to combat illegal tobacco;

s. 13, s. 17

**Option 2:** s. 13

s. 13, s. 17

**RECOMMENDATION:**

- **OPTION 1**

**APPROVED / NOT APPROVED**

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Katrine Conroy  
Minister of Finance

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### **Option 2:** s. 13

s. 13, s. 17

## RECOMMENDATION:

- OPTION 1

**APPROVED** / NOT APPROVED



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Katrine Conroy  
Minister of Finance

August 29, 2023

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Date

