

March 19, 2007

Tariff Notice TN-21

Budget 2007 Announcements

Notice of Ways and Means Motion to Amend the *Customs Tariff* Relating to the Travellers' Exemption

This tariff notice is to serve as notice that it is expedient to amend the *Customs Tariff* as follows:

1. The Description of Goods of tariff item No. 9804.10.00 in the List of Tariff Provisions set out in the schedule to the *Customs Tariff* is amended by replacing the reference to "two hundred dollars" with a reference to "four hundred dollars".
2. Subsection (1) is deemed to have come into force on March 20, 2007.

Excise Tax on Vehicles — Application to Imported Vehicles

In Budget 2007, the Minister of Finance announced the introduction of a Green Levy on new passenger vehicles primarily designed to carry passengers, including station wagons, vans and sport-utility vehicles (but excluding pick-up trucks), with fuel-efficiency ratings of 13.0 L/100 km or more. The new levy, which is deemed to come into effect on March 20, 2007, will apply to new vehicles delivered by a manufacturer or importer to a purchaser after March 19, 2007. With the introduction of the new levy, the existing excise tax on heavy vehicles will be eliminated effective March 20, 2007.

The levy will be based largely on the same provisions of the *Excise Tax Act*, including specific rules that deem certain importers and wholesalers of vehicles to be manufacturers of vehicles and those vehicles to have been manufactured in Canada. This allows those importers and wholesalers to delay paying the levy until the vehicles are delivered to a dealer.

The new measure does not apply to new vehicles imported on or after March 20, 2007, for which a written agreement has been entered into before March 20, 2007, between a person in the business of selling vehicles to consumers and a final consumer, and for which possession is taken by the final consumer before July 2007.

The measure will also apply to imported used vehicles put into service after March 19, 2007.

The tax will be calculated based on a weighted average fuel consumption in accordance with information published by the Government of Canada under the EnerGuide mark. The following rates will apply:

At least 13 but less than 14 litres per 100 kilometres: \$1,000
At least 14 but less than 15 litres per 100 kilometres: \$2,000
At least 15 but less than 16 litres per 100 kilometres: \$3,000
16 or more litres per 100 kilometres: \$4,000

A list of calculated fuel ratings will be made available as soon as possible.