

**Voluntary Report** – Voluntary - Public Distribution

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**Report Number:** CA2024-0058

**Report Name:** Temporary Sales Tax Relief for Imports into Canada

**Country:** Canada

**Post:** Ottawa

**Report Category:** Beverages, Policy and Program Announcements, Wine, Coffee, MISC-Commodity

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**Report Highlights:**

Between December 14, 2024, and February 15, 2025, certain goods imported into Canada, including certain foods and beverages, will benefit from a temporary relief on applicable sales taxes. The 5 percent Goods and Services Tax (GST) will not be charged across the country, while in some provinces the applicable Harmonized Sales Tax (HST) will also not be charged.

In an effort to help Canadian consumers cope with an elevated cost of living, the federal government [announced](#) a two-month relief measure in the form of a break on sales taxes for certain goods. The proposal covers so-called “holiday essentials”, like groceries, restaurant meals, drinks, snacks, children’s clothing, and gifts, and the measure will be in effect from **December 14, 2024, to February 15, 2025**. The federal government will not charge the five percent Goods and Services Tax (GST) across the country. Additionally, both the federal and the provincial sales taxes will not be charged in provinces where these two are combined in a single sales tax called the Harmonized Sales Tax (HST)<sup>1</sup>.

Goods covered by the [GST/HST break](#) include:

**Certain food items<sup>2</sup> like:**

- Prepared foods including sandwiches, salads, vegetable or cheese platters, and pre-made meals
- Snacks including chips, candy, baked goods, fruit-based snacks, and granola bars
- Energy bars or protein bars, if they meet all the following criteria:
  - Compete directly with other similar products that are not enhanced by protein, caffeine, vitamins, and/or minerals (sold in a similar aisle in a store and are marketed in similar fashion)
  - Considered by the average person to be a food to satisfy hunger
  - Considered by Health Canada to be a food
- A gift basket that contains food and other items, if 90 percent or more of the total value of the basket corresponds to items that would have no GST/HST charged on them if they were supplied separately

**Certain beverages like:**

- Non-alcoholic drinks, such as coffee, tea, carbonated drinks, juices, and smoothies
- Eligible alcoholic beverages:
  - Beer and malt beverages, for example, canned or bottled beer, pitchers of beer
  - Wine, cider and sake (including fortified) that are 22.9 percent alcohol by volume (ABV) or less
  - Spirit coolers and premixed alcoholic beverages that are seven percent ABV or less
- Energy or protein drinks and shakes, if they meet all the following criteria:
  - Compete directly with other similar products that are not enhanced by protein, caffeine, vitamins, and/or minerals (sold in a similar aisle in a store and are marketed in similar fashion)
  - Considered by the average person to be a beverage to satisfy thirst
  - Considered by Health Canada to be a beverage
- A gift basket that contains beverages and other items, if 90 percent or more of the total value of the basket corresponds to items that would have no GST/HST charged on them if they were supplied separately

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<sup>1</sup> The HST applies in participating provinces at the following rates: 13 percent in Ontario, and 15 percent in New Brunswick, Newfoundland and Labrador, Nova Scotia, and Prince Edward Island.

<sup>2</sup> In Canada, most [basic grocery items](#) already have no GST/HST charged on them.

The Canada Border Service Agency (CBSA) provided the following guidance for businesses involved in importing goods into the country:

Following the Government of Canada's recent announcement regarding the temporary relief from the Goods and Services Tax (GST) for two months, starting on December 14, 2024, **the CBSA will administer the exemption on imports entering Canada during that period.** Subject to these legislative changes receiving Royal Assent<sup>3</sup>, the CBSA will be prepared to implement the GST exemption on imported goods through the following streams:

- **Commercial Trade and Courier Low-Value Shipments (CLVS):** Through the CBSA's Assessment and Revenue Management (CARM) system, importers will be able to select a unique exemption code that will apply to eligible goods entering Canada. The temporary exemption code will be available in the "Special Auth. OIC" field of the Commercial Accounting Declaration (CAD) section in CARM. As is customary, Trade Chain Partners (TCPs) will be responsible for accurately declaring and self-assessing the eligibility of their goods with regard to this temporary rebate during the exemption period.
- **Postal Stream:** The general applicable rate of duties will apply on the day the goods are accounted for, as is standard. Mail imported and released during the relief period will qualify for GST/HST relief.

The purpose of this process is to allow TCPs to benefit from this temporary relief upfront at the time of accounting. If an importer believes they have overpaid or paid GST in error, they may be eligible for a refund. Importers who can demonstrate that GST was paid in error may submit refund applications to the CBSA.

The CBSA will continue to communicate with TCPs via Customs Notice on or before December 13, 2024, regarding the procedures and requirements for applying this relief to eligible goods crossing the border.

U.S. food and beverage exporters are encouraged to talk to their Canadian customers and importers about this sales tax relief measure and look for ways to maximize the potential benefits.

#### **Attachments:**

No Attachments.

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<sup>3</sup> Currently, Bill C-78: An Act respecting temporary cost of living relief (affordability), passed the House of Commons, and is at third reading stage in the Senate (last stage before being adopted and receiving Royal Assent). It is expected that the Bill will be adopted by the Senate and enacted into law in time for when the sales tax break is supposed to come into effect (December 14, 2024).