



RESPONSE TO PETITION

Prepare in English and French marking 'Original Text' or 'Translation'

PETITION NO.: **421-03414**

BY: **MR. DAVIES (VANCOUVER KINGSWAY)**

DATE: **APRIL 11, 2019**

PRINT NAME OF SIGNATORY: **JENNIFER O'CONNELL**

Response by the Minister of Finance

SIGNATURE

Minister or Parliamentary Secretary

SUBJECT

cannabis

ORIGINAL TEXT

REPLY

The federal government has implemented a new excise duty framework for cannabis products that is designed to support the goals of legalization by keeping taxes low to help eliminate the illicit market. This includes applying the same excise duties and taxes on cannabis for medical purposes as cannabis for non-medical purposes.

The excise duty framework generally applies to cannabis products that contain tetrahydrocannabinol (THC), the primary psychoactive compound of cannabis. However, packaged fresh and dried cannabis products and cannabis oils that contain concentrations of no more than 0.3 per cent THC, and consequently have little to no associated psychoactive effects, are generally not subject to the excise duty. Also, in accordance with the THC-based rate proposed in Budget 2019 for cannabis oils and new classes of cannabis products, low-THC products will also generally be subject to lower excise duties than before, providing further tax relief for cannabis products typically used by individuals for medical purposes.

Pharmaceutical products derived from cannabis are exempt from the excise duty, provided that the cannabis product has a Drug Identification Number (DIN) and can only be acquired through a prescription. Work is also being undertaken by Health Canada to evaluate the drug review and approval process so that Canadians in need have better access to an array of medicinal options.

With respect to the application of the Goods and Services Tax (GST) to cannabis products, the general policy approach governing the GST treatment of drugs is to relieve drugs prescribed by a medical practitioner and dispensed by a pharmacist. Limiting the GST zero-rating (i.e., tax relief) to prescription drugs is the most practical way to ensure that the relief is effectively targeted. Cannabis for medical purposes is not acquired pursuant to a prescription. Therefore, sales are taxable under the GST.