

## Returnable Containers

### About this Notice

Bill 44, the *Budget Measures and Interim Appropriation Act, 2008*, containing a number of measures relating to the *Retail Sales Tax (RST) Act* that were announced in the 2008 Ontario Budget, was passed in the Legislature and received Royal Assent on May 14, 2008. The measures confirm the ministry's longstanding tax treatment of returnable containers.

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### Returnable containers

The definition of 'returnable container' in the RST Act has been re-enacted to include tangible personal property used in the packaging, storage or shipping of goods and that is intended to be returned, directly or indirectly, to a person for reuse in the packaging, storage or shipping of goods. Returnable containers may include boxes, bottles, drums, pallets, etc.

The amended definition is effective as of May 7, 1997. This legislative amendment confirms Ontario's longstanding requirement for persons to pay RST on purchases, including rentals and leases, of containers and other packaging, storage and shipping items that are intended to be returned for reuse in the packaging, storage or shipping of goods.

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### Promotional items

The RST Act has also been amended to confirm the longstanding requirement for persons to pay RST on tangible personal property that is provided by way of a promotional distribution. Items, such as product displays, provided free of charge by manufacturers to retailers to promote the sale of the manufacturer's product are taxable to the manufacturer as a promotional distribution.

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### Non-returnable containers

Non-returnable product packaging, including cartons containing packaged products that are sold to retailers, remains non-taxable, whether or not advertising is printed on the packaging.

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### For more information

For more information on these changes, please contact the Retail Sales Tax Section of the Tax Advisory Services Branch at the Ontario Ministry of Revenue by calling 905 433-6313 or 1 888 285-7815 (ext. 17052).

