

Denatured and Specially Denatured Alcohol

Applicable Legislation:

Date: April 2007

Excise Act, 2001

Denatured and Specially Denatured Alcohol Regulations

Intent:

This guideline is intended to summarize prescribed requirements for compliance with the *Excise Act, 2001* and regulations concerning denatured alcohol (DA) and specially denatured alcohol (SDA), and for compliance with obligations pursuant to the University's SDA registrations with the Canada Revenue Agency (CRA).

Definitions:

CRA Canada Revenue Agency

denatured alcohol spirits that have been mixed with prescribed denaturants (e.g. acetone, chloroform, gasoline, iodine, methyl alcohol, toluene) into prescribed grades rendering the product non-potable for human consumption and making recovery of spirits difficult; abbreviated DA; see Schedule 1 at: <http://canadagazette.gc.ca/partI/2003/20030920/html/regle-e.html>; registration with CRA is not required to possess and use DA; duty and excise tax exemptions do not apply to this product.

specially denatured alcohol spirits that have been denatured for scientific or industrial uses in accordance with prescribed grade-specific specifications; abbreviated SDA; see Schedule 2 at: <http://canadagazette.gc.ca/partI/2003/20030920/html/regle-e.html>; SDA is controlled via the registration of users for authorized purposes; only SDA registrants may purchase, possess, use and dispose of specially denatured alcohol; duty and excise tax exemptions apply to this product.

Guidelines:

1. Purchasing Services shall be consulted about the planned purchase, import or export of denatured alcohol, specially denatured alcohol, and distillation apparatus. All procurements of SDA and stills shall be placed through Purchasing Services, which shall advise on and assist with consignment compliance matters (e.g., testing of DA or SDA by the Canadian Border Services Agency (CBSA), payment of fees which may be charged to the purchaser, registration of distillation apparatus).

2. Persons who import or possess what they believe to be denatured alcohol or specially denatured alcohol and later learn that the product has not been denatured shall first notify Purchasing Services and hence the Regional Excise Duty Office to determine whether any conditions or consequences will be imposed by CRA.
3. Every person who possesses SDA is required to maintain adequate books and records necessary to demonstrate compliance with the *Excise Act, 2001*. CRA does not stipulate an explicit format for the books and records to be maintained, but requires that records include supporting source documents such as purchase orders, shipping records, bills of lading, inventory counts, etc. In addition, WHMIS inventories must be maintained in accordance with University safety policy <http://www.uoguelph.ca/ehs/policies/08-01.pdf>.
4. Books and records and source documents that originate in paper format must be retained in that format.
5. Records shall be created by the Principal Investigator on the day that the SDA transaction occurred with sufficient detail to identify the particulars of the transaction, *i.e.*, names of the parties involved, date, location of transaction, SDA involved, and amount of SDA involved. Entries shall record mass in grams (g) or kilograms (kg); volume shall be recorded in millilitres (mL) or litres (L). Prescribed documentation and inventory records shall be subject to internal and external audits.
6. The Principal Investigator shall retain books and records for six-years after the year to which the records relate. Express written permission from the CRA Regional Excise Duty Office must be obtained if records are to be destroyed at an earlier date.
7. Denatured alcohol, specially denatured alcohol, and stills owned by the University of Guelph shall not be sold or transferred to other consignees, or provided to other parties at the University. For compliance and workplace safety reasons, such transactions should be discussed with the Laboratory Safety Officer in Environmental Health and Safety (EHS), ext. 56401.
8. Unwanted DA and/or SDA shall be returned to the spirits licensee who supplied it, or disposed via the University's waste management service administered by Environmental Health and Safety (EHS). All such transfers and disposals shall be documented in the Principal Investigator's books and records.
9. Environmental Health and Safety should be consulted about compliance with *Transportation of Dangerous Goods Regulations* whenever DA or SDA is to be transported to another off-campus workplace. Shipping documents shall be retained with the Principal Investigator's books and records.
10. Principal investigators shall ensure that DA and SDA are safely and securely stored and that access to these materials is granted only to trained and authorized users who have been informed about this document, about CRA prescribed record-keeping requirements, and about essential precautions for occupational and fire safety. See the University safety policy on flammable

and combustible liquids, number 851.08.06, at http://www.uoguelph.ca/ehs/policies_subject.shtml#hardardous.

11. University personnel shall accommodate CRA inspectors to enable them to carry out their duties and functions under legislated authority.

Additional Information:

The *Excise Act* and its Alcohol Regulations describe obligations for users of non-beverage spirits (i.e. denatured alcohol, DA, and specially denatured alcohol, SDA) that are enforced by the Canada Revenue Agency (CRA). The *Act* imposes controls over the production of DA and restrictions on the supply, importation, possession, export and disposal of SDA. The *Denatured and Specially Denatured Alcohol Regulations* define the specific composition of prescribed grades of DA and SDA to minimize the risk of abuse and diversion of these products.

DA is available to persons without permit or registration for scientific or industrial (non-beverage) purposes. WHMIS inventory records must be kept.

The University of Guelph is registered with CRA to purchase (import), possess, use and dispose of certain packaged spirits of SDA on a duty-exempt basis for educational and research purposes. (Packaged spirits are in containers of not more than 100 L or are in marked special containers of more than 100 L but not more than 1500 L.) Registrations are location-specific; i.e., for the main campus in Guelph, for the OAC Colleges, and for Vineland Research Station. The CRA retains authority to impose restrictions on the use of particular grades of SDA. Registration mandates obligations for record-keeping by principal investigators that must be fulfilled by authorized institutional users of specially denatured alcohol. For more information about the registrations with CRA, contact Purchasing Services.

Registered users of SDA are required to keep books and records in English or in French in paper or in approved electronic format for a period of six years after the end of the year to which they relate. Failure to comply and/or failure to produce records upon inspection and audit by CRA may result in prosecution by CRA. CRA excise duty officers may, in the course of their enforcement efforts, take samples of DA or SDA for analyses.

Contact information for the Regional Excise Duty Office for southern Ontario is:

Regional Excise Duty Office,
5800 Hurontario Street,
P.O. Box 6000, Station A,
Mississauga, ON
L5A 4E9

Phone: 905-277-6476

Purchasing Services, as custodian of the University's SDA registrations with CRA, must be notified about all communications with the Regional Excise Duty Office.

You should contact Environmental Health and Safety for assistance to comply with University safety policies on WHMIS and on flammable and combustible liquids.