

Canadian Brandy.—Canadian brandy is a spirit distilled exclusively from juices of native fruits without the addition of sweetening materials. It is subject to a duty of \$11 per gallon.

Beer.—All beer or other malt liquor is subject to a duty of 38 cents per gallon.

Tobacco, Cigars and Cigarettes.—The excise duties make up nearly as large a part of the total tax on tobacco products as the special excise taxes described on pp. 1043-1044. The rates of duty are as follows:—

On manufactured tobacco of all descriptions, except cigarettes, per pound.....	35 cents
Cigarettes weighing not more than two and one-half pounds per thousand (nearly all of the cigarettes used in Canada are of this type), per thousand.....	\$ 4.00
Cigarettes weighing more than two and one-half pounds per thousand, per thousand.....	\$ 5.00
Cigars, per thousand.....	\$ 2.00
Canadian raw leaf tobacco when sold for consumption, per pound.....	10 cents.

Combined Effect of Excise Taxes and Excise Duties on Tobacco Products

Bringing together the taxes imposed on tobacco products under the Excise Tax Act and the duties imposed under the Excise Act gives the following total taxes:—

Cigarettes.....	\$9.00 per thousand (or 18 cents per pack of 20 cigarettes) plus the 11-p.c. sales tax on the manufacturer's sale price
Manufactured tobacco.....	\$1.15 per pound plus the 11-p.c. sales tax on the manufacturer's sale price
Cigars.....	\$2.00 per 1,000 plus the 15-p.c. special excise tax and the 11 p.c. sales tax on the manufacturer's sale price.

Customs Duties*

Most goods imported into Canada are subject to customs duties at various rates as provided by tariff schedules. Customs duties, once the chief source of revenue for the country, have declined in importance to the point where they now provide about 10 p.c. of the total. Quite apart from its revenue aspects, however, the Tariff still occupies an important place as an instrument of economic policy.

The Canadian Tariff consists mainly of three sets of rates—British Preferential, Most-Favoured-Nation and General. The British Preferential rates are, with some exceptions, the lowest rates. They are applied to imported dutiable commodities shipped directly to Canada from countries within the British Commonwealth. Special rates lower than the ordinary preferential duty are applied on certain goods imported from designated Commonwealth countries.

The Most-Favoured-Nation rates apply to goods from countries that have been accorded tariff treatment more favourable than the General Tariff but are not entitled to the British Preferential rate. Canada has Most-Favoured-Nation arrangements with almost every country outside the Commonwealth. The most important agreement providing for the exchange of Most-Favoured-Nation treatment is the General Agreement on Tariffs and Trade.

The General Tariff applies to imports from countries not entitled to either the British Preferential or Most-Favoured-Nation treatment. Few countries are in this category and, in terms of trade coverage, are negligible.

* See also pp. 1024-1025.