

Where the tariff applies there are provisions for drawbacks of duty on imports of materials used in the manufacture of products later exported. The purpose of these drawbacks is to assist Canadian manufacturers to compete with foreign manufacturers of similar goods. There is a second class of drawbacks known as "home consumption" drawbacks. These apply to imported materials used in the production of specified classes of goods manufactured for home consumption.

The tariff schedules are too lengthy and complicated to be summarized here but the rates that apply on any particular item may be obtained from the Department of National Revenue, which is responsible for administering the Customs Tariff.

Provincial Taxes

All of Canada's ten provinces impose a wide variety of taxes to raise the revenue necessary for provincial purposes. As previously mentioned, only the Provinces of Ontario and Quebec impose income taxes and special taxes on corporations and they also are the only provinces taxing property passing on death. Only the Province of Quebec imposes a personal income tax. The provinces that do not impose these direct taxes receive payments from the Federal Government to compensate them for sharing these tax fields. In addition, there is an arrangement under which the Federal Government makes payments to all the provinces except Ontario in recognition of the fact that the potential tax revenue from the fields of income tax and succession duties in those provinces, measured on a per capita basis, is lower than an agreed-upon level. Some of the more important provincial levies are reviewed briefly below.

Alcoholic Beverage Taxes

Generally speaking, the sale of spirits in all provinces is made through provincial agencies operating as boards or commissions which exercise monopolistic control over this commodity. The provincial mark-up over the manufacturer's price is the effective means of taxation. Beer and wine may be sold by retailers or government stores depending on the province but in all cases they bear a provincial tax.

Retail Sales Taxes

Retail sales taxes are levied on the final purchaser or user and are collected by the retailer. Seven provinces—Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Saskatchewan and British Columbia—now (April 1961) levy this type of tax at rates varying between 2 p.c. and 5 p.c. Ontario has announced its intention of imposing a retail sales tax of 3 p.c. commencing Sept. 1, 1961.

Amusement Taxes

Each of the provinces, with the exception of Alberta and Saskatchewan, has a tax on admission to places of entertainment. In addition, there is generally a licence fee imposed on the operator or owner of these amusement places. The tax on admissions is within the range of 5 p.c. to 13 p.c. Alberta imposes a pari-mutuel tax of 5 p.c.

Gasoline and Diesel Fuel Oil Taxes

Each of the ten provinces has imposed a tax on the purchase of gasoline by motorists and truckers. The rates vary from 12 cents per gallon in Alberta to 19 cents in Nova Scotia and Newfoundland. The diesel commercial road tax varies from 14 cents per gallon in Alberta to 24 cents in Nova Scotia. Ontario imposes a tax of 13 cents on gasoline and