

Many classes of goods are exempt from sales tax. Foodstuffs and fuels for lighting or heating are generally exempt as well as articles and materials used by public hospitals, the products of farms, forests, mines and fisheries, and most equipment used in farming and fishing. Also a variety of items are exempt when purchased by municipalities.

It was announced in the 1963 Budget that the application of the federal sales tax would be extended to building materials and production machinery which had previously been exempt, the proposed change to take place by stages. The rate applicable between June 13, 1963 and Apr. 1, 1964 will be 4 p.c.; it will rise to 8 p.c. on Apr. 1, 1964 and to the full 11 p.c. (the 3-p.c. old age security rate being the last one to be added) on Jan. 1, 1965. As of July 1963, this proposed change had not been translated into legislation.

*Special Excise Taxes.*—The Excise Tax Act provides for a number of special excise taxes which are in addition to the sales tax. Where these are ad valorem taxes they are levied on exactly the same price or duty-paid value as the general sales tax. Articles subject to special excise taxes include jewellery, cosmetics, toilet articles, radios, record players and television sets. Tobacco products and wines are also taxed under the Excise Tax Act.

The special excise taxes levied at present are listed as follows:—

Cigarettes.....	2½ cents per 5 cigs.
Cigars.....	15 p.c. ad valorem
Jewellery, including clocks, watches, jewellery, articles of ivory, amber, shell, precious or semi-precious stones, goldsmiths' and silversmiths' products except gold-plated or silver-plated ware for the preparation or serving of food or drink.....	10 p.c. ad valorem
Lighters.....	the greater of 10 cents per lighter or 10 p.c. ad valorem
Playing cards.....	20 cents per pack
Radios.....	the greater of \$2 per radio or 15 p.c. ad valorem
Phonographs and television sets.....	15 p.c. ad valorem
Tubes for radios, phonographs and television sets, not including television picture tubes, priced under \$5 per tube.....	the greater of 10 cents per tube or 15 p.c. ad valorem
Television set picture tubes.....	15 p.c. ad valorem
Slot machines—coin, disc or token-operated games or amusement devices.....	10 p.c. ad valorem
Matches.....	10 p.c. ad valorem
Tobacco—pipe tobacco, cut tobacco and snuff.....	80 cents per lb.
Tobacco pipes, cigar and cigarette holders and cigarette rolling devices.....	10 p.c. ad valorem
Toilet articles, including cosmetics, perfumes, shaving creams, antiseptics, etc..	10 p.c. ad valorem
Wines—*	
Wines of all kinds containing not more than 7 p.c. absolute alcohol by volume	25 cents per gal.
Non-sparkling wines containing more than 7 p.c. absolute alcohol by volume but not more than 40 p.c. proof spirit.....	50 cents per gal.
Sparkling wines.....	\$2.50 per gal.
Insurance premiums paid to British or foreign companies not authorized to transact business in Canada or to non-resident agents of authorized British or foreign companies.....	10 p.c. of net premium for property, surety, fidelity and liability insurance. (Most other kinds of insurance are exempt.)

\* These taxes apply only to wines manufactured in Canada. The customs tariff on wines includes a levy to correspond to these taxes on domestic production.

All the foregoing items, except the last, are also subject to the general sales tax of 8 p.c. and the old age security tax of 3 p.c. Cigarettes, cigars and tobacco are subject to further taxes under the Excise Act (referred to as excise duties).