

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, referred to as excise duties (see below).

Excise Duties

The Excise Act levies taxes (referred to as excise duties) upon alcohol, alcoholic beverages and tobacco products produced in Canada. The customs tariff on such products imported into Canada includes a levy to correspond with the duties levied on domestic production. These duties are not levied on goods exported.

Spirits.—The duties are on a per-gallon basis in proportion to the strength of proof of the spirits. These duties do not apply to denatured alcohol intended for use in the arts and in industry, or for fuel, light or power, or for any mechanical purpose. The various duties are as follows:—

On every gallon of the strength of proof distilled in Canada.....	\$13.00
On every gallon of the strength of proof used in the manufacture of—	
Medicines, extracts, pharmaceutical preparations, etc.....	\$1.50 per gal.
Approved chemical compositions.....	15 cents per gal.
Spirits sold to a druggist and used in the preparation of prescriptions.....	\$1.50 per gal.
Imported spirits when taken into a bonded manufactory in addition to other duties.....	30 cents per gal.

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 gal.

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

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 already described. The rates are as follows:—

On manufactured tobacco of all descriptions, except cigarettes.....	35 cents per lb.
Cigarettes weighing not more than 3 lb. per thousand (nearly all of the cigarettes used in Canada are of this type).....	\$4.00 per thousand
Cigarettes weighing more than 3 lb. per thousand.....	\$5.00 per thousand
Cigars.....	\$2.00 per thousand
Canadian raw leaf tobacco when sold for consumption.....	10 cents per lb.

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 lb. plus the 11-p.c. sales tax on the manufacturer's sale price
Cigars.....	\$2.00 per thousand 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, which once were the chief source of revenue for the country, have declined in importance as a source of revenue to the point where they now provide less than 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, namely, 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

* See also pp. 940-947.