

As stated previously, there is an abatement from federal estate taxes otherwise payable, in respect of provincial succession duties. Generally, the abatement is a deduction of 75 p.c. from the federal tax otherwise payable in respect of property situated in a province that levies succession duties.*

The property situated in Canada of a deceased person not domiciled in Canada is subject to estate tax at a flat rate of 15 p.c. No deduction is allowed against the assessed value of such property except for debts specifically chargeable to it. However, there is a special provision that exempts all such property of less than \$5,000 value and also provides that the tax must not reduce the value of the property to less than \$5,000. (The Estate Tax Convention between Canada and the United States increases this figure to \$15,000.) Where property is subject to provincial duties, the 15-p.c. tax is abated by 75 p.c. (At present this abatement is only 50 p.c. in Ontario and Quebec.)

Excise Taxes

The Excise Tax Act levies a general sales tax and special excise taxes. Both the sales tax and the special excise taxes are levied on goods imported into Canada and on goods produced in Canada. They are not levied on goods exported. The sales tax, which is at the rate of 8 p.c., is levied on the manufacturer's sale price of goods produced or manufactured in Canada or on the duty-paid value of goods imported into Canada. For alcoholic beverages and tobacco products, the sale price for purposes of the sales tax includes excise duties levied under the Excise Act (see p. 972). An old age security tax of 3 p.c. is levied on the same basis as the 8-p.c. tax, bringing the total sales tax to 11 p.c.

Many classes of goods are exempt from sales tax. Foodstuffs, electricity 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 are, to a large extent, exempt as well as most equipment used in farming and fishing. Also, a variety of items are exempt from sales tax when purchased by municipalities. These and other exemptions are set forth in schedules to the Excise Tax Act.

A number of articles are subject to special excise taxes. Where these are ad valorem taxes they are levied on exactly the same price or duty-paid value as the general sales tax. Those levied at present are as follows:—

Cigarettes.....	2½ cents per 5 cigs.
Cigars.....	15 p.c. ad valorem
Jewellery, including clocks, watches, 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

* See footnote †, p. 966.