

Canadian Brandy.—Canadian brandy, a spirit distilled exclusively from juices of native fruits without the addition of sweetening materials, is subject to a duty of \$12.25 per gallon.

Beer.—All beer or other malt liquor is subject to a duty of 42 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 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.....	\$10.00 per thousand (or 20 cents per pack of 20 cigarettes) plus the 12-p.c. sales tax on the manufacturer's sale price
Manufactured tobacco.....	\$1.25 per lb. plus the 12-p.c. sales tax on the manufacturer's sale price
Cigars.....	\$2.00 per thousand plus the 17½-p.c. special excise tax and the 12-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 to Canada from countries within the 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 which 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 Preferential or Most-Favoured-Nation treatment. Few countries are in this category and, in terms of trade coverage, are negligible.

In all cases 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.

* See also pp. 990-991.