

boundaries. The rate is  $\frac{1}{2}$  of 1% in Quebec, Manitoba and British Columbia, and  $\frac{3}{10}$  of 1% in Ontario. Certain types of companies such as banks, railway, express, trust and insurance companies are subject to special rules for computing taxable paid-up capital or special taxes, licences or fees applicable in such cases. Quebec has a place of business tax of \$50 for companies whose paid-up capital exceeds \$25,000 and \$25 when below that amount.

**Gift tax.** In Quebec, Ontario and Manitoba a gift tax is levied and collected on the aggregate taxable value of gifts made in one year by a donor resident in a province as well as on a gift of real property situated within a province made by a donor who is not a resident in the province. The rates range from 15% on the first \$25,000 to 50% on gifts in excess of \$200,000. There are exemptions for gifts made to a spouse or charitable organization, deductions for gifts made to other recipients up to an aggregate annual amount, and credits for the tax levied by other jurisdictions on property situated outside the province.

**Succession duties.** Succession duty is levied on property of the deceased situated in a province regardless of where the deceased was domiciled at the time of death as well as on the dutiable value of property passing to the beneficiary who is a resident in a province. The rate depends on the net value of the whole estate wherever situated, the amount of property passing to the beneficiary, and the relationship of the beneficiary to the deceased. As of January 1977 only three provinces were still levying and collecting succession duties: Quebec, Ontario and Manitoba.

**Provincial sales tax.** All provinces except Alberta tax at a retail level a wide range of consumer goods and services purchased in or brought into the province. The tax is payable on the selling price of tangible personal property, defined to include certain services, purchased for own consumption or use and not for resale. Each provincial act, however, specifies a number of goods that are exempt. Exemptions include items related mainly to necessities of life and to material used in the farming or fishing industries. Provincial tax rates in 1977 were as follows: Newfoundland 10%; Prince Edward Island, Nova Scotia, New Brunswick and Quebec 8%; Ontario and British Columbia 7%; Manitoba and Saskatchewan 5%.

**Gasoline and diesel fuel oil taxes.** Each province and both territories impose a tax on the purchase of gasoline and diesel fuel by motorists and truckers and other fuel intended to generate motive power. A number of activities such as farming, fishing, mining or logging are either exempt from motive fuel taxation or are taxed at a preferred rate.

**Tobacco taxes.** A tax on consumers of tobacco products is levied in all provinces and both territories. Cigarettes are taxed on a unit basis at rates ranging from eight twenty-fifths of one cent per cigarette in Alberta and the Northwest Territories to one and two-tenths cents each in Newfoundland. The tax on cigars is calculated as a percentage or as an amount based on the final selling price. These taxes are usually collected at the wholesale level to facilitate collection and administration but may also be collected by retail dealers acting as collection agents of the province.

**Amusement taxes and race track taxes.** Each province with the exception of Newfoundland, Manitoba, Saskatchewan, Alberta and British Columbia has a tax on admission to places of entertainment. In Quebec, this tax is collected by municipalities which retain the proceeds even though the rate is determined by an act of the provincial government. In Manitoba and Saskatchewan the province does not levy the tax but has given the right to impose an admissions tax to its municipalities. In addition, all provinces levy a tax on all legal wagering on horse races in the province. The federal government also has a pari-mutuel-levy of six-tenths of 1% on monies wagered. This is for the supervision of race tracks.

**Tax on premium income of insurance companies.** All provinces and both territories impose a tax on the premium income of insurance companies. Ontario imposes a tax of 3% calculated on gross premiums and an additional tax of one-half of 1% on the premium income from property insurance. British Columbia levies a tax of 2% on gross