

By this amendment it is intended to exempt such articles from the 10 per cent excise tax when they are used in the preparation or serving of food or drink.

By section 7, schedule III of the act is repealed, and a new schedule is substituted. Schedule 3 of the act is a great and happy hunting ground for our people, because it is a schedule of exemptions. By reference to the underlined items it will be found that many articles are added to the list of exemptions, because under the scheme of the act the sales tax is imposed on all goods which are produced, manufactured or imported, and then the exemptions are set forth in the schedules and in particular sections of the act. Some of these items are specifically dealt with, and appear to be additions and amendments to the schedule, whereas actually they have become necessary because of Tariff Board decisions of a restrictive character. For example, under the heading of "farm and forest" one sees "boxes for farm wagons". For years these boxes were regarded as coming under the general exemption of agricultural materials, but recently the Tariff Board made a ruling that certain boxes are not part of a farm wagon and therefore become subject to sales tax. So, under the bill, boxes for farm wagons are specifically exempted in their own right, and no future question can arise as to their right to exemption. Another item I might cite is poisons for pest control purposes. Originally the exemption was of chemicals used in this way, but since poisons are quite commonly used now for pest control, "poisons for pest control purposes" are exempt. And so on through the list, which represents quite a number of additions to the schedule of exemptions. I do not propose to deal with them, because it is simply a matter of reading them to see what they are.

Section 8 provides for the date of coming into force of these various provisions; and it also deals with one item with respect to which some confusion was bound to occur, because, whereas cast iron soil pipe and cast iron fittings appeared heretofore in the schedule of exemptions, in the budget debate it was announced that this item was being amended to become more inclusive because substances other than cast iron are now used for soil pipe and fittings. But it was found on further consideration that to broaden the section in this manner caused too great administrative difficulties, because pipes other than cast iron for soil purposes have so many different applications.

It was then decided to revert to the original language, namely, "cast iron soil pipe and cast iron fittings therefor". The reason for

dealing specifically with this item is that the provision was brought into force at the time the budget came down. So it has been necessary to correct the situation that may have resulted in the interval.

I have dealt generally with the amending provisions, but there is an addition, under section 3, Part II, entitled "Tax on special editions of non-Canadian periodicals". That has come to be known as "the magazine tax"; and so much has been written and talked about the question of whether we should or should not tax particular magazines that I would be piling up an unnecessarily large addition if I attempted to develop in any detail what this is. But I think I should state, very briefly, that by section 9 it is intended to impose a tax of 20 per cent of the value of the advertising material contained in a special edition of a non-Canadian periodical published in Canada.

First, I should state what is a special edition of a non-Canadian periodical. The definition appears at the top of page 3:

(b) "non-Canadian periodical" means a periodical published outside Canada by a person resident outside Canada.

That seems plain enough. Then:

(e) "special edition of a non-Canadian periodical" or "special edition"—

—those expressions are interchangeable—
—means a periodical printed in or outside Canada for publication in Canada

- (i) containing editorial material at least twenty-five per cent of which is the same or substantially the same as editorial material contained in one or more copies of a particular non-Canadian periodical . . . and
- (ii) containing any advertising material that is not contained in such non-Canadian periodical.

There is an exemption in the case of a periodical if the editorial material contained in it is devoted principally to religious or medical purposes.

Hon. Mr. Power: May I ask the honourable senator for a definition of "editorial material"?

Hon. Mr. Hayden: It is defined in the bill as meaning "any printed material other than advertising".

Hon. Mr. Power: Does it include new material?

Hon. Mr. Hayden: "Any printed material other than advertising". You deduct from the periodical what might be described as advertising, and the rest is editorial material for the purposes of this section of the Excise Tax Act.

Hon. Mr. Connolly (Halifax North): Strictly speaking the word "editorial" is not all-embrasive. There is a distinction between editorial material and news material.

Hon. Mr. Hayden: Not under this bill.