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 per cent, 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 referred to below. An old-age security tax of 3 per cent is levied on the same basis as the 8 percent tax, bringing the total sales tax to 11 per cent.

Many classes of goods are exempt from sales tax. Food-stuffs, electricity, and fuels for lighting or heating are generally exempt from the levy, 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. Finally, 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.

The Excise Tax Act also provides for a number of special excise taxes, which are in addition to the sales tax. Where these are ad valorem taxes they are levied on exactly the same price or duty-paid value as the general sales tax. Articles subject to special excise taxes include jewellery, cosmetics, toilet articles, radios, record players and television sets. Tobacco products and wines are also taxed under the Excise Tax Act.

The special excise taxes levied at present are as follows:

Cigarettes	$2\frac{1}{2}$¢ on 5 cigs.
Cigars	15% 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% ad valorem
Lighters	the greater of 10¢ a lighter or 10% ad valorem
Playing cards	20¢ a pack
Radios	the greater of $2 a radio or 15% ad valorem