

All the foregoing items except the last are also subject to the general sales tax of 8 per cent and the old-age security tax of 3 per cent. Cigarettes, cigars and tobacco are subject to further taxes under the Excise Act (referred to as excise duties).

Excise Duties

The Excise Act levies taxes (referred to as excise duties) upon alcohol, alcoholic beverages and tobacco products produced in Canada. These duties are not levied on imported goods but the customs tariff on these products includes a levy to correspond to the duties levied on domestic production. These duties are not levied on goods exported.

1. Spirits - The duties are on a gallon basis, in proportion to the strength of proof of the spirits. These duties do not apply to denatured alcohol intended for use in the arts and industries, or for fuel, light or power, or any mechanical purposes. The various duties are as follows:

- (A) on every gallon of the strength of proof distilled in Canada, \$13.00;
- (B) on every gallon of the strength of proof used in the manufacture of
 - (a) medicines, extracts, pharmaceutical preparations, etc., \$1.50 a gallon,
 - (b) approved chemical compositions, 15¢ a gallon,
 - (c) spirits sold to a druggist and used in the preparation of prescriptions, \$1.50 a gallon,
 - (d) imported spirits when taken into a bonded manufactory in addition to other duties, 30¢ a gallon.

2. Canadian Brandy - This is a spirit distilled exclusively from juices of native fruits without the addition of sweetening materials. It is subject to a duty of \$11.00 a gallon.

3. Beer - All beer or other malt liquor is subject to a duty of 38¢ a gallon.

4. 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 which have already been described. The rates of duty are as follows:

- (a) on manufactured tobacco of all descriptions, except cigarettes, 35¢ a pound;
- (b) cigarettes weighing not more than three pounds a thousand, \$4 a thousand (nearly all the cigarettes used in Canada are of this type);
- (c) cigarettes weighing more than three pounds a thousand, \$5 a thousand;
- (d) cigars, \$2.00 a thousand;
- (e) Canadian raw-leaf tobacco when sold for consumption, 10¢ a pound.