

2. Canadian Brandy - Canadian brandy 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 per 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.

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 - \$9.00 a thousand (or 18¢ a pack of 20 cigarettes) plus the 11 per cent sales tax on the manufacturer's sale price.
- Manufactured - Tobacco - \$1.15 a pound plus the 11 per cent sales tax on the manufacturer's sale price.
- Cigars - \$2.00 a 1000 plus the 15 per cent special excise tax and the 11 per cent 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 per cent 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.