

Excise Tax Act

there is a provision in the first item, under marine and fisheries, about halfway down the page, which reads:

Boats bona fide purchased by fishermen for use in the fisheries, and articles and materials to be used exclusively in the manufacture, equipment or repair of such boats;

Mr. Herridge: This boat would be for use on inland and minor waters for towing purposes and not for fishing. My question was, if it were built of a tonnage of 9.5 tons, would it escape taxation under this section of the act?

Mr. Benidickson: This brings up a question which intrigues some of us. If a ship were one purchased by the Ontario Hydro, would it be subject to sales tax?

Mr. Fleming (Eglinton): Yes, if the ship was otherwise taxable.

Mr. Benidickson: What do you mean by "otherwise taxable"?

Mr. Fleming (Eglinton): If it were not licensed to engage in the Canadian coasting trade and is not purchased for use by fishermen.

Mr. Benidickson: Let us say that the ship was to be used for inspection or for various purposes which I will not define by a department of the government of a province, would it escape taxation on the general ground that you do not impose taxation on the provincial government departments?

Mr. Fleming (Eglinton): All purchases by provincial governments are exempt.

Mr. Benidickson: What is the situation—I think this is a situation about which we are all curious—

Mr. Fleming (Eglinton): Section 46, subsection 2 of the act says:

A refund of taxes paid under Part IV, V or VI may be granted to a manufacturer, producer, wholesaler, jobber or other dealer on goods sold to Her Majesty in right of any province of Canada if the said goods are purchased by Her Majesty for any purpose other than—

Then some other provisions are mentioned. Section 46 is the governing provision.

Mr. Benidickson: If a ship were to be constructed for a crown company or a provincial entity would it be subject to a tax? I am thinking of Ontario Hydro, for instance.

Mr. Fleming (Eglinton): I am told that the case put by the hon. member has not directly arisen. We do not know of a ship built in the way he mentions, so I think in the absence of something concrete I should not attempt to be specific in the interpretation of section 46.

Mr. Benidickson: In the territory which I represent, sometimes access to Ontario Hydro facilities representing many millions of dollars can be gained only by water and this requires the construction of a ship. I think analogous to that is the question of whether or not a province has the right to impose, under an act like this Excise Tax Act, a sales tax on a crown company, an entity of the federal government. Can the minister indicate whether or not a province which imposes—say British Columbia where they have a sales tax—such a tax has imposed the tax on a crown company out there?

Mr. Fleming (Eglinton): I am not aware of any particular case where British Columbia has sought to impose its sales tax on federal purchases or purchases by crown corporations. We have had a problem with respect to some provinces, and the matter is one under discussion at the present time.

Mr. Herridge: The hon. member for Kenora-Rainy River did not give the minister an opportunity to answer my question, so I will repeat it. Will a vessel with a tonnage of 9.5 tons used for towing purposes in the lumber industry in minor or inland waters be exempt from the tax under this clause?

Mr. Fleming (Eglinton): Mr. Chairman, it will depend entirely on whether the case can be brought under the clause here. I have made reference to ships licensed to engage in the Canadian coasting trade. Let us return to the amendment with which we are dealing now. We are, Mr. Chairman, getting very far away from the amendment that is being made here. Here we are getting into the whole scope of this whole part of the schedule to the act whereas all that is involved in the amendment is this expression:

Materials for use only in the equipment and repair of ships over ten tons net register tonnage;

This amendment has application to materials. If the hon. member has a question as applied broadly to something outside of the amendment, if he will speak to me about it or give me the particular facts we shall be glad to get him a ruling on the particular case. However, I do not think it would be prudent on my part to attempt to make rulings right and left on matters that are not raised by this amendment.

Mr. Herridge: To put it more simply, my question is this. Does this amendment apply to ships or tugs used in inland or minor waters for towing purposes?

Mr. Fleming (Eglinton): No, the amendment has no bearing on that situation.

Mr. Benidickson: I do not want to tread on the sensitive corns of the minister—