Excise Taxes

The Excise Tax Act levies a general sales tax and special excise taxes. These taxes are levied on goods imported into Canada as well as on goods produced in Canada. They are not levied on goods exported.

The general sales tax is at the rate of 12 per cent. It 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. "Duty-paid value" includes the amount of customs duties, if any. 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. The rate of sales tax on a long list of building materials is 11 per cent instead of 12 per cent.

Some goods are exempt from sales tax. Drugs, electricity, fuels for lighting or heating and most foodstuffs are exempt, and also articles and materials purchased by public hospitals and certain welfare institutions. The products of farms, forests, mines and fisheries are, to a large extent, exempt, as well as most equipment used in farming and fishing. Machinery and equipment used directly in production and materials consumed or expended in production are also exempt and also equipment acquired by manufacturers or producers to prevent or reduce pollution to water, soil or air from their manufacturing operations. A number of items are exempt when purchased by municipalities. These and other exemptions are set forth in schedules to the Excise Tax Act.

The Excise Tax Act also imposes a number of special excise taxes that are in addition to the sales tax. Where these are *ad valorem* taxes, they are levied on the same price or duty-paid value as the general sales tax.

The special excise taxes levied at present are as follows:

Cigarettes	3 cents on 5 cigs.
Cigars	$17\frac{1}{2}$ per cent *ad valorem*
Pipe tobacco, cut tobacco, snuff	90 cents a lb.
Jewellery, including articles of ivory, amber, shell, precious or semi-precious stones, clocks, watches, goldsmiths' and silversmiths' products, except gold-plated or silver-plated ware for the preparation or serving of food or drink	10 per cent *ad valorem*
Lighters	10 cents a lighter
Playing cards	20 cents a pack
Slot machines - coin, disc or token-operated games or amusement devices	10 per cent *ad valorem*