

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.

It was announced in the 1963 Budget that the application of the federal sales tax would be extended to building materials and production machinery which had previously been exempt. The proposed change will take place by stages, and the rate applicable between June 14, 1963, and April 1, 1964, will be only 4 per cent. It will rise to 8 per cent on April 1, 1964, and to the full 11 per cent (the 3 per cent old-age security rate being the last one to be added) on January 1, 1965.

Special Excise Taxes - The Excise Tax Act also provides for a number of special excise taxes, which are in addition to the sales tax. Where there are ad valorem taxes, these 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 .....	2½ cents for 5 cigs.
Cigars .....	15 % <u>ad valorem</u>
Jewellery, including clocks, watches, jewellery, 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% <u>ad valorem</u>
Lighters .....	the greater of 10 cents a lighter or 10% <u>ad valorem</u>
Playing cards .....	20 cents a pack
Radios .....	the greater of \$2 a radio or 15% <u>ad valorem</u>
Phonographs and television sets .....	15% <u>ad valorem</u>
Tubes for radios, phonographs and television sets, not including television picture tubes, priced under \$5 per tube .....	the greater of 10 cents a tube or 15% <u>ad valorem</u>
Television set picture tubes .....	15% <u>ad valorem</u>
Slot machines - coin, disc or token-operated games or amusement devices .....	10% <u>ad valorem</u>
Matches .....	10% <u>ad valorem</u>
Tobacco - pipe tobacco, cut tobacco and snuff .....	80 cents a lb.
Tobacco pipes, cigar and cigarette holders and cigarette rolling devices .....	10% <u>ad valorem</u>