

- (d) imported spirits when taken into a bonded manufactory in addition to other duties, 30 cents a gallon.

2. Canadian Brandy - Canadian brandy (a spirit distilled exclusively from juices of native fruits without the addition of sweetening materials) is subject to a duty of \$12.25 a proof gallon.

3. Beer - All beer or other malt liquor is subject to a duty of 42 cents a gallon.

4. Tobacco, Cigars and Cigarettes - Excise duties are imposed on these products in addition to the special excise taxes which have already been described. The rates of excise duty are as follows:

- (a) on manufactured tobacco of all descriptions, except cigarettes, 35 cents a pound;
- (b) cigarettes weighing not more than three pounds a thousand, \$4 a thousand (nearly all of the cigarettes used in Canada are of this type);
- (c) cigarettes weighing more than three pounds a thousand, \$5 a thousand;
- (d) cigars, \$2 a thousand;
- (e) Canadian raw leaf tobacco when sold for consumption, 10 cents a pound.

Total Taxes 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 - \$10 a thousand (or 20 cents a pack of 20 cigarettes) plus the 12% sales tax on the manufacturer's sale price.

Manufactured - tobacco - \$1.25 a pound plus the 12% sales tax on the manufacturer's sale price.

Cigars - \$2 a 1,000 plus the 17½% special excise tax and the 12% 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