

some exclusions from the definition.¹⁸ A split-run edition is an edition of an issue of a periodical that:

- (i) is distributed in Canada;
- (ii) in which more than 20 per cent of the editorial material is the same or substantially the same as editorial material that appears in one or more excluded editions of one or more issues of one or more periodicals; and
- (iii) contains an advertisement that does not appear in identical form in all the excluded editions.

33. The tax applies to advertising contained in a particular periodical edition only if the edition falls within the threshold definition of "split-run edition" and does not fall within one of the two exclusionary provisions.¹⁹

34. The combined effect of reading the definition of "split-run edition" together with the two exclusionary provisions is that three key questions need to be considered when determining whether the tax applies to advertising in a particular periodical edition:

- (1) Is the particular edition primarily distributed in Canada?
- (2) Is more than 20 per cent of its editorial material the same as the editorial material that appears in a periodical edition that is primarily distributed outside Canada (i.e., an excluded edition)?
- (3) Does the particular edition contain at least one ad that does not appear in the excluded edition?

18. *Ibid.*, ss. 35(1) and 35(5). The term "periodical" means printed material that is published in a series of issues that appear not less than twice a year and not more than once a week. Where an issue of a periodical is published in several versions, each version is an edition of the issue. Each edition of the issue must be considered separately when determining whether an edition is a split-run edition. The definition of "periodical" explicitly excludes a catalogue which is substantially made up of advertisements.

19. *Ibid.*, ss. 35(5). Under the first exclusionary exception, the particular edition is not a split-run edition if it is an edition that is primarily circulated outside Canada. In effect, this is an exemption for editions that are distributed in Canada, but are mainly distributed outside Canada. Under the second exclusionary exception, a particular edition of an issue of a periodical that would otherwise be a split-run edition is not a split-run edition if all the ads in the particular edition appear in identical form in one or more editions of that issue that are primarily distributed outside Canada and that have a combined circulation outside Canada that is greater than the circulation in Canada of the particular edition. The purpose of the circulation requirement is to prevent a publisher from qualifying for this exemption by having all the ads in its Canadian split-run edition also appear in one of its excluded editions that has a very small circulation.