

ROYAL COMMISSION ON TAXATION

VOLUME 5

C O N T E N T S

	<u>Page</u>
PART A: SALES AND EXCISE TAXES AND DUTIES	1
CHAPTER 27 - INTRODUCTION	3
CHAPTER 28 - FORM OF COLLECTION OF SALES TAXES	11
MANUFACTURER'S LEVEL: NEUTRALITY CONSIDERATIONS	12
Taxable Value—Actual Price to Consumer	12
Taxable Value at Earlier Stages	12
Transportation, Erection or Installation Costs	16
Private Brands and "Marginal" Operations	18
Imports of Fully Manufactured Goods	20
MANUFACTURER'S LEVEL: GENERAL ADMINISTRATIVE CONSIDERATIONS	21
WHOLESALE LEVEL: NEUTRALITY CONSIDERATIONS	22
Level of Application	22
"Retailer" Concept	23
Manufacturer-Retailers and Wholesaler-Retailers	25
Non-Personal Consumption	27
Transportation, Erection or Installation Costs	27
Private Brands and "Marginal" Operations	29
Imports of Fully Manufactured Goods	31
WHOLESALE LEVEL: TRANSITIONAL CONSIDERATIONS	31
WHOLESALE LEVEL: GENERAL ADMINISTRATIVE CONSIDERATIONS	33
RETAIL LEVEL: NEUTRALITY CONSIDERATIONS	35
RETAIL LEVEL: ADMINISTRATIVE CONSIDERATIONS	36
Number and Nature of Taxpayers	36
Cost and Effectiveness of Collection	37
Tax Computation	38
Vendors' Allowances	39
RETAIL LEVEL: TRANSITIONAL IMPLICATIONS	40
Tax-paid Inventories	40
Effects on the Flow of Revenue	42
Price Effects	43
VALUE-ADDED TAXES	44
Income and Consumption Variants	44
Forms of Value-Added Taxation	45
Value-Added and Single-Stage Taxes: A Comparison	48

	<u>Page</u>
CUMULATIVE TURN-OVER TAX	51
CONCLUSIONS AND RECOMMENDATIONS	53
REFERENCES	54
 CHAPTER 29 - THE SCOPE OF SALES TAXES	 59
CONSUMER GOODS	59
The Use of Exemptions	60
Refundable Credits Versus Exemptions	62
Expenditures Caused by Ill Health	64
Expenditures for Printed Materials	64
SERVICES	65
The Taxable Unit	66
General Versus List Approach	67
The Rate of Tax	69
PRODUCER GOODS	69
CONSTRUCTION EXPENDITURES	74
USED GOODS	77
EXEMPTION FOR PURCHASES BY OTHER GOVERNMENTS AND THEIR AGENCIES	77
CONCLUSIONS AND RECOMMENDATIONS	78
REFERENCES	81
 CHAPTER 30 - EXCISE TAXES AND EXCISE DUTIES	 83
EXCISE LEVIES ON PRODUCTS OTHER THAN ALCOHOLIC BEVERAGES AND TOBACCO	 84
EXCISE LEVIES ON ALCOHOLIC BEVERAGES AND TOBACCO PRODUCTS	86
Specific or <u>Ad Valorem</u> Rates	87
Excise Duties or Excise Taxes or Both?	88
Multiple Taxation Effects with Excise Duties	91
CONCLUSIONS AND RECOMMENDATIONS	92
REFERENCES	92
 PART B: GENERAL TAX ADMINISTRATION	 93
 CHAPTER 31 - TAX ORGANIZATION	 95
TAX FORMATION	97
Tax Origination	97
Tax Authorization	100

	<u>Page</u>
TAX ADMINISTRATION	103
The Taxation Division	103
Customs and Excise Division	106
Problems in the Processes of Tax Administration	109
TAX ADJUDICATION	110
The Tariff Board	111
The Tax Appeal Board	112
The Exchequer Court	114
The Supreme Court	115
Problems in the Processes of Tax Adjudication	115
REFERENCES	116
CHAPTER 32 - TAX FORMATION	117
TAX ORIGINATION	117
A More Formal and Public Procedure for Representations for Tax Changes	117
Budget Secrecy	119
TAX AUTHORIZATION	120
Public Hearings on Proposed Tax Legislation	120
Legislation in More General Language	123
Control of Delegated Powers	125
Information and Rulings	128
More Liberal Interpretation by the Courts	129
CONCLUSIONS AND RECOMMENDATIONS	129
CHAPTER 33 - TAX ADMINISTRATION	131
BOARD OF REVENUE COMMISSIONERS	131
PUBLIC INFORMATION AND ADVANCE RULINGS	136
Income Tax	136
Transactions Taxes	139
STANDARDS OF EFFICIENCY	141
Income Tax	143
Transactions Taxes	154
Excise Act	157
CONCLUSIONS AND RECOMMENDATIONS	157
REFERENCES	159
CHAPTER 34 - TAX ADJUDICATION	161
ADMINISTRATIVE APPEALS	161
Income Tax	161
Transactions Taxes	164

	<u>Page</u>
JUDICIAL APPEALS	164
A New Tax Court	165
The Exchequer Court	166
The Supreme Court	167
Lawyers Employed by the Department	167
CONCLUSIONS AND RECOMMENDATIONS	167
APPENDIX A - A PRESENTATION OF REGRESSIVENESS UNDER A SALES TAX	169
APPENDIX B - SOME ANOMALIES AND AREAS OF ADMINISTRATIVE DIFFICULTY AMONG THE EXISTING SALES TAX EXEMPTIONS FOR CONSUMPTION GOODS UNDER THE PRESENT MANUFACTURER'S SALES TAX	173
APPENDIX C - PERSONAL CONSUMPTION OF SERVICES IN CANADA, 1962	179
APPENDIX D - A TAX ON SERVICES COUPLED WITH TAXES AT LEVELS OTHER THAN RETAIL	183
APPENDIX E - AN EXAMINATION OF THE APPLICATION OF THE PRESENT TAX TO PRODUCER GOODS	187
APPENDIX F - THE INSTITUTIONAL EXEMPTIONS TODAY	209
APPENDIX G - EXPLANATORY COMMENTS ON EXCISE TAXES AND EXCISE DUTIES	219
INDEX	223