

CIRCULAR**DEPARTMENT OF NATIONAL REVENUE, CANADA**

(EXCISE DIVISION)

OTTAWA, July 17, 1937.

To Collectors of Customs and Excise:

The Honourable, the Minister of National Revenue has been pleased to establish the following regulations, under authority of Section 99 of the Special War Revenue Act:—

Effective August 1st, 1937, sales tax is to be accounted for on the transfer of furniture by manufacturers to their unlicensed wholesale branches on the following basis:—

Sales to Wholesalers, Jobbers and Chain Stores:

Sales of Clear-outs, Job Lots and Goods specially made or altered to a Customer's order:

Sales to others who receive 15 per cent or greater discounts from the prices to Ordinary Retailers:

Sales of Theatre, Office, School, Church and Lodge Furniture:

The sales tax applies on the above sales on the actual selling prices.

Deductions from such selling prices may be allowed in respect of prepaid transportation charges paid to independent carrier companies shown separately on invoices and/or cash discounts or other allowances actually given by the manufacturer on sales to purchasers referred to above.

Sales to Ordinary Retailers:

Manufacturers may account for sales tax on these sales less a discount of 15 per cent, the tax to apply ON the resultant balance and not OF it. By "ordinary retailers" is meant stores which purchase at initial list prices and do not obtain any preferred prices or other discounts (except cash) of any kind.

NOTE.—Where sales are made in representative quantities to wholesalers, this is not to fix the value for tax on other sales.

Allowances for prepaid transportation charges and/or cash discounts, or any other allowances, may not be deducted in addition to the discount of 15 per cent.

Where sales are made at discounts less than 15 per cent from the regular selling prices to ordinary retailers, the tax may be paid on the regular prices to the ordinary retailers less 15 per cent, the tax to apply ON and not OF the resultant balance.

Sales to Consumers only:

Manufacturers who sell to consumers or users only, will be required to account for sales tax on the transfer of these goods to their retail stores on the regular list price to the consumer or user, less a discount of 30 per cent. The sales tax is to apply ON and not OF the resultant balance.

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Where manufacturers have contracts for the manufacture and installation of theatre, school, church and lodge furniture, the sales tax will apply on the contract price, less actual costs of erection and freight to the job where this is paid to independent carrier companies. The provisions of Section 13 under "Contracts" in the general Regulations apply to these contracts.

General:

Where a manufacturer sells both to retailers and consumers, the tax applies as set forth above according to whom the sales were made.

For purposes of this regulation "furniture" includes:—

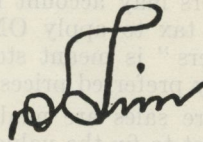
Living room, dining room, bed room, kitchen, verandah, lawn and upholstered furniture, but is not to include folding chairs, sectional bookcases, theatre, school, office, church or lodge furniture.

This circular supersedes and cancels the Notice sent to all manufacturers of furniture under date of February 24th, 1928, and the Consolidated Regulations under "Computation of Tax" insofar as this circular conflicts with that regulation.

Attention is directed to the provisions of Section 119 of the Special War Revenue Act, which reads as follows:—

"Everyone liable under this Act to pay to His Majesty any of the taxes hereby imposed, or to collect the same on His Majesty's behalf, who collects, under colour of this Act, any sum of money in excess of such sum as he is hereby required to pay to His Majesty, shall pay to His Majesty all moneys so collected, and shall in addition be liable to a penalty not exceeding five hundred dollars."

A copy of this circular is to be mailed to all furniture manufacturers within your survey and new licensees must also receive a copy. Lists should be maintained showing the particulars in connection with the despatch of this circular.



Commissioner of Excise