

File No. 193645.

CIRCULAR

No. 725-C Revised.

DEPARTMENT OF NATIONAL REVENUE

(EXCISE DIVISION)

OTTAWA, June 22nd, 1937.

To Collectors of Customs and Excise and others concerned:

## REGULATIONS GOVERNING THE SUPPLY OF ALCOHOL TO LICENSED DRUGGISTS

Circulars Nos. 191 C and 725 C are hereby cancelled and superseded.

The following regulations, issued under authority of the Excise Act, 1934, shall govern the sale to druggists licensed by the Minister of National Revenue of alcohol at a reduced rate of Excise duty for the preparation of prescriptions for medicines and for the manufacture of pharmaceutical preparations:—

### LICENCES

1. Application for licence shall be made *in triplicate* on Form L. 18 Amended 1937, to the Collector of Customs and Excise within the limits of whose port the druggist is transacting business.
2. A licence fee of \$2 shall accompany the application for licence.
3. Each licence will terminate on the 31st of March in each year.
4. The bond of an approved guarantee company in the sum of \$1,000 shall be furnished.
5. When any person or company operates more than one store, a separate licence and guarantee bond shall be furnished in respect of each store.

### PURCHASES FROM DISTILLERS

6. Licensed druggists may purchase from distillers matured or unmatured alcohol testing not less than fifty per cent over proof in minimum quantities of five (5) standard gallons upon payment of Excise duty at the rate of \$1.50 per proof gallon. The registered number of the druggist's licence must be quoted on each order.

7. Delivery of the alcohol may not be made by the distiller until the registered number of the licence supplied by the druggist is found to correspond with the official list, which will be supplied by the department to the officer in charge of the distillery.

8. When alcohol is shipped by distillers to licensed druggists located in a port other than that in which the distillery is situated, same is to be consigned on a Bill of Lading made to the order of the Collector of Customs and Excise at destination, the Bill of Lading to be delivered by the distillers to the Collector of Customs and Excise of the port of shipment for transmission by mail to the Collector of the receiving port.

9. Upon receipt of the spirits the Collector is to state upon the face of the permit (Form T. 204) covering shipment, that the spirits have been received and entered in the books of the licensee, after which, the permit should be returned to the Collector of the shipping port.

10. A form (No. K. 66 Amended) *in triplicate* is to be kept by the licensee in which shall be entered, at the time of receipt, the quantity of each lot of alcohol purchased; the date of receipt; name and address of distiller; standard gallons; strength; proof gallons, and weight of alcohol in pounds and ounces. (Note.—The weight of alcohol, 65 over proof, is 8.185 pounds and of 50 over proof, 8.462 pounds.)

3/12



11. Entries on Form K. 66 Amended covering disposal of the alcohol are to be written up "in triplicate," day by day, *on the same day* in which the transaction occurs and shall show in respect of each and every operation,—date when used; name of pharmaceutical preparation, or number of prescription dispensed; and weight of alcohol (in pounds and ounces) used.

12. Two copies of report covering each month's transactions, the accuracy of which shall be sworn to by the licensee, is to be delivered to the Collector on the first day of the month next succeeding that in which the said transactions occurred. The Collector will file one copy for record and forward the other to the department.

13. A prescription for alcohol alone is not to be filled from stocks of alcohol purchased direct from a distiller under these regulations.

14. The licensee is forbidden to use more than five (5) standard gallons in any calendar month for the purposes herein defined.

#### PURCHASES FROM GOVERNMENT VENDORS

15. Druggists may likewise purchase domestic alcohol, testing not less than fifty per cent over proof, from a government vendor, or other person lawfully authorized to sell the same, the regular Excise duty having been paid thereon.

16. Reports on Forms K. 66 Amended are to be properly executed and submitted as provided by Sections 10, 11 and 12 herein in respect of all alcohol purchased from a government vendor or other person lawfully authorized to sell same.

17. In respect of alcohol so purchased and used for the purposes herein specified, claims for drawback of the difference between the regular Excise duty paid thereon and the rate payable if purchased direct from the distiller, may be forwarded, through the Collector, to the department quarterly.

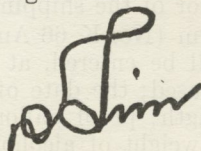
18. If the alcohol be purchased from a government or authorized vendor, no claim for drawback of duty will be paid on the quantity used in excess of five Imperial gallons per month unless specially authorized by the Commissioner of Excise.

19. Claims for drawback shall not be allowed unless presented to the department with complete evidence attached, before the close of the quarter succeeding that in which the spirits were used.

20. Claims for drawback shall be supported by the affidavit of the claimant, on the form prescribed by the Commissioner of Excise, specifying the use made of the spirits. Such claims shall also be accompanied by a copy of the receipted invoice certified by the vendor and should have a certified statement of the vendor endorsed thereon as to strength of proof of the spirits sold and as to their manufacture in Canada. When the spirits are purchased from an authorized dealer, the certified invoice shall also show the marks and numbers of the original packages in which the said spirits were received from the distillery.

21. Any breach of these regulations shall constitute an indictable offence and in addition to the penalties provided by The Excise Act will subject the offender to cancellation of his licence.

22. Collectors are instructed to ensure that every druggist licensed by the Minister has been furnished with a copy of these regulations.



Commissioner of Excise.



# CIRCULAR

No. 788-C

## DEPARTMENT OF NATIONAL REVENUE, CANADA. (Excise Division)

Ottawa, 30th June, 1937.

To Collectors of Customs and Excise:

To Excise Tax Auditors:

Re- Sales Tax

Effective July 1st, 1937, the following procedure is to be observed in connection with sales to the Provincial Government of the Province of Quebec:-

### SALES BY LICENSEES AND IMPORTATIONS:

Licensed manufacturers, including those who have transferred their products to their unlicensed wholesale branches, and licensed wholesalers, may sell goods to the Province of Quebec without accounting for sales tax as heretofore.

The Provincial Government will supply the usual certificate that the goods are for the sole use of the Province and are not for resale and that they are purchased with Crown funds. This certificate will also be applicable to direct importations by provincial government departments.

NOTE:- You are instructed to note that this does not include purchases or importations by any railway, commission, board, university, school or public utility operated by or under the authority of the legislature or the Lieutenant Governor in Council of the Province.

Licensed manufacturers or licensed wholesalers must not sell goods to unlicensed wholesalers or other dealers exempt from sales tax, EVEN THOUGH THE GOODS ARE SHIPPED DIRECT TO DEPARTMENTS OF THE PROVINCIAL GOVERNMENT OF QUEBEC.

### SALES BY UNLICENSED SUPPLIERS:

No refunds are to be approved or paid to unlicensed persons on account of sales made after July 1st, 1937, to the Quebec Provincial Government. All refunds to which the Provincial Government may be entitled will be granted directly from this Department.

The provisions of this circular do not apply to excise or special excise taxes.

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Commissioner of Excise.