

Canada's Excise Tax on Receipts, 1923-1926

by Christopher D. Ryan

Copyright © 2004 by Christopher D. Ryan
Reprinted from *Canadian Revenue Newsletter* N° 46, September 2004
ISSN 1488-5255

Canada's Excise Tax on Receipts: 1923-1926

Christopher D. Ryan

A tax on receipts other than those issued for bank account withdrawals was introduced on January 1st, 1923, as a means of recouping the revenue lost by the 1922 adoption of a \$2 maximum tax for certain types of commercial paper. This maximum had not been included in the original budget proposals. Throughout the period of the receipt-tax (January 1st, 1923, through April 15th, 1926) the rate was a constant 2¢ for every item of \$10 and upwards.[1]

The tax on receipts was applied not to documents but to acknowledgements on paper of the payment of money by cash, cheque, draft or promissory note. As a result of this application, receipts contained within other documents such as deeds, mortgages and insurance policies were taxable. In addition, a single document was to be taxed more than once if it acknowledged multiple payments.[1b, 2]

Exceptions to the receipt-tax occurred when the acknowledgement of payment was attached to, or formed part of, a document that was taxed under another section of the Revenue Act. Examples of exempted items include counterfoils for express company money orders and signed acknowledgements on cheques.[1b, 2]

Receipts issued to or by the federal and provincial governments were exempt. 'Freight bills' were exempted as of May 27th, 1925. Initially, receipts on the backs of postcards or on folded letters sent by mail without being enclosed in an envelope were exempt due to the tax included in the postage paid. This exemption was revoked as of August 1st, 1923.[1b, 2, 3]

In May of 1925, the Revenue Department ruled that credits shown on periodic (usually monthly) statements of accounts were taxable. The ruling applied even if separate receipts had been duly issued. This double taxation was protested by the public and on May 27th the tax liability for credits was limited to those for which separate receipts had not been issued. Credits represented by properly taxed receipts were to have been marked as 'stamp tax paid' and initialled by the issuer of the statement. In August of 1925, the Revenue Department exempted credits on periodic statements for returned goods.[3, 4]

The receipt-tax could be paid by adhesive stamps, embossed stamps or monthly in bulk. In the case of adhesive stamps, either revenue or postage stamps could initially be used. As of October 1st, 1923, postage stamps were no longer permitted.[5] Employers that required employees sign a 'pay roll' for wages paid in cash were permitted to affix stamps for the total amount of the tax owing rather than individual stamps for each signature.[2a]

Advance payment of the tax could be made by means of the embossed 2-cent 'war tax' stamp. This option required a minimum order of one thousand forms.[6]

The option of monthly bulk-payment by cash or cheque was available only to municipalities with populations of ten thousand or higher and only for payments of their tax and water bills. Municipalities that paid in bulk were provided with an official 'Receipt Tax Paid' rubber-stamp by the local Revenue Collector. All applicable receipts were to be marked by the device as tax-paid. For the privilege of paying in bulk, municipalities were required to post security as a guarantee for payment and maintain detailed records for audit purposes.[2a, 7]

The last day of the receipt-tax was April 15th, 1926. It was revoked due to widespread evasions. Many people were simply ignoring this tax.[1b, 8]

Reference Notes

- [1] a- Canada, *Debates of the House of Commons*, 1922, pp. 2122-2126, 2269-2270, 3261-3262.
b- Canada, *Statutes*, 1922, 12-13 Geo. V, Chap. 47; 1923; 13-14 Geo. V, Chap. 70; 1925, 15-16 Geo. V, Chap. 26; 1926-27, 17 Geo. V, Chap. 10.
- [2] a- Anonymous, *Sales Tax Pamphlet*, Toronto: Canadian Manufacturers' Association, January 2nd, 1924, pp. 30, 63-64.
b- Canada, *Debates of the House of Commons*, 1922, pp. 282-283.
c- *Canada Gazette*, Vol. 66, pp. 2742-2743.
d- Farrow, R.R., Customs & Excise Circular № 237C of December 19th, 1922, National Archives of Canada, Records of the Department of National Revenue, RG 16, Vol. 1057. (Continues on page 10.)

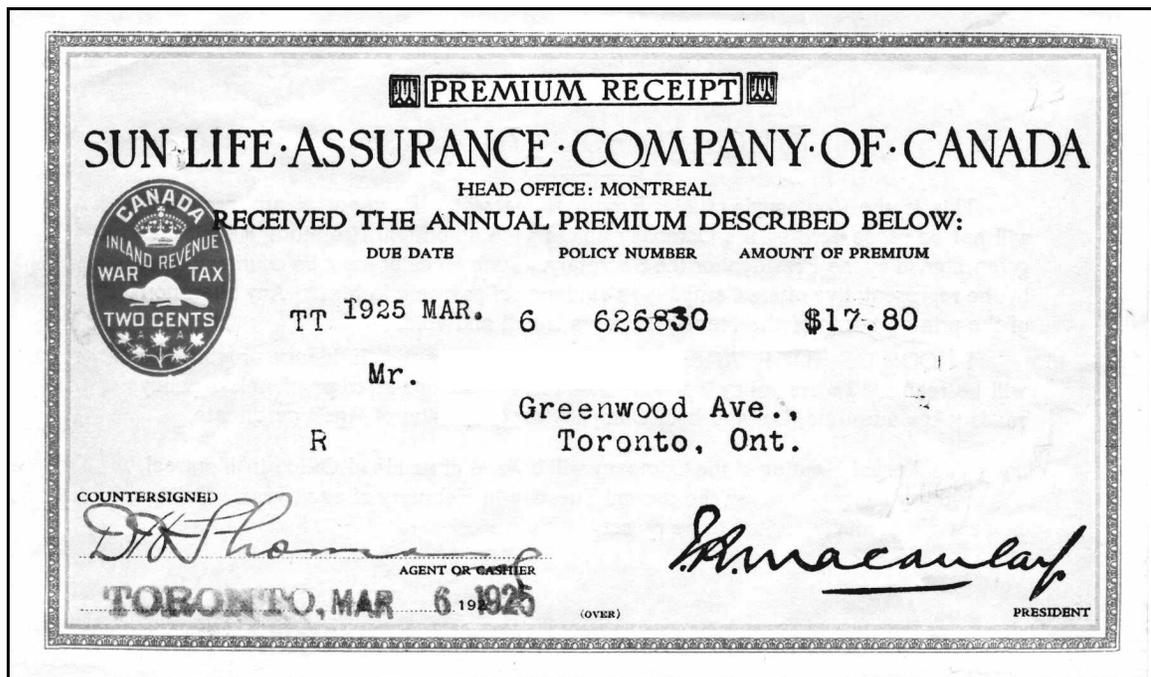


Figure 1: Receipt of March 6th, 1925, countersigned by the Toronto Agent of the Sun Life Assurance Company of Canada by which he acknowledged the payment of \$17.80 as an annual premium. The 1923-1926 receipt-tax was paid by an embossed 2-cent 'war tax' stamp. (The name and street number of the policyholder have been electronically deleted.) (100% of actual size.)

Septon's house

Town of Oakville Tax Bill, 1923

COUNTY OF HALTON

Ward No. 2 Sept. 10, 1923
 Roll No. 229
 Block 17 Lot Wpt B. Assessment \$1760.
 Name
 Address Oakville

MEMO. OF ASSESSMENTS

Value of Real Property.....\$ 2,833,658
 Less Exemptions..... 480,480
 \$ 2,353,178
 Business..... 142,702
 Income..... 83,095
 \$ 2,578,975

		TAX RATE LEVIED FOR 1923
Assessment at 50 mills.....	88 00	County Rate4.34
Sewers.....	6 18	Board of Parks.....1.00
Sidewalks.....	2 10	General Expenses.....9.37
Sewer Laterals.....	4 12	Debenture Bylaws (Gen'l) 10.04
Pavement.....		High School Expenses.....4.00
Garbage..... 1.12 mills	1 97	High School Debentures... .53
		Public School Expenses...2.90
		Public School Debentures...4.40
		Local Improvement Bylaws..6.42
		Separate School Expenses
		(3 mills)
		MILLS..... .. 50
		One-half payable Sept. 25, 1923
		One-half payable Dec. 5th, 1923
TOTAL.....	102 37	

N.B.—Ratepayers will please take notice that the above taxes become due and payable as follows: 1st instalment Sept. 25, 1923, 2nd instalment December 5, 1923, at the Bank of Toronto, Oakville, and that if not so paid they are subject to an addition of 5 per cent. by way of penalty for non-payment, under the provisions of Bylaw No. 697, and that such penalty will be strictly enforced.

ALL BANK CHEQUES MUST BE PAYABLE AT PAR IN OAKVILLE.

To insure the return of your receipted tax bill, postage must be enclosed.

DAVID KERR, Collector.

1st Payment Sept. 25, '23

2nd Payment Dec. 5, '23

\$ CTS.

\$ CTS.



51 19



DEC 3 1923

MAKE CHEQUES PAYABLE TO T

INTO, OAKVILLE.

Figure 2: Municipal tax-bill for the year 1923, issued September 10th. Two separate payments are acknowledged at the bottom of the document, requiring the application of two stamps in payment of the 1923-1926 receipt-tax. The tax on the first receipt (September 24th) was paid by a green 2-cent admiral postage stamp. The tax on the second receipt (December 3rd) was paid by a 2-cent Two Leaf excise stamp. These payments fall on either side of the October 1st, 1923, date on which postage stamps were no longer permitted for the payment of the receipt-tax. (The name of the taxpayer has been electronically deleted.) (85%)

This Indenture

made in duplicate the

Sixteenth day of February one thousand nine hundred and twenty-five
In pursuance of
The Short Forms of Conveyances Act.

Between

_____ of the City of Toronto in the County of York, Estate Agent, hereinafter called the Grantor of the **First Part**;

_____ of the Township of York, in the County of York, Labourer,

hereinafter called the Grantee of the **Second Part**; and

_____, the wife of the said Grantor of the **Third Part**.

Witnesseth that in consideration of the sum of

ONE THOUSAND - - - - - Dollars of lawful money of Canada, now paid by the said grantee to the said grantor the receipt whereof is hereby by him acknowledged, he the said grantor **Doth Grant** unto the said grantee in fee simple.

All and Singular these certain parcels or tracts of land and premises, situate, lying and being in the Township of York in the County of York, and being composed of Lots Number s Ninety-Two and Ninety-Three

(92 & 93)
on the North side of Lanark Avenue,



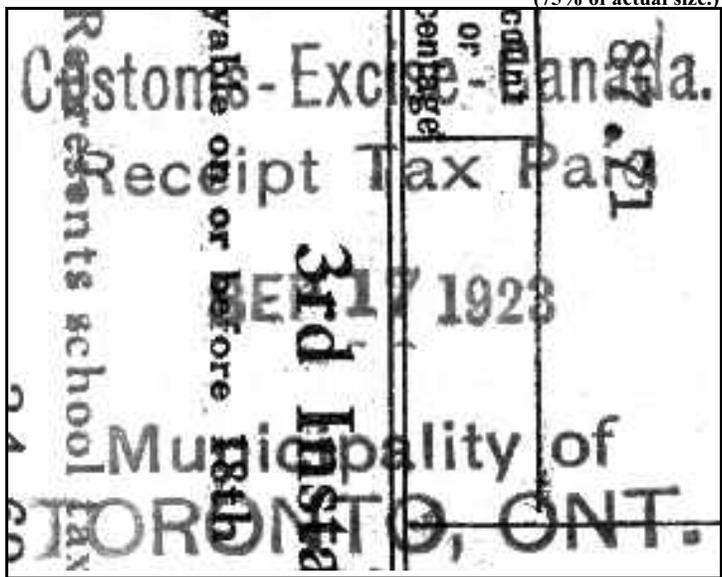
Figure 3: Land Deed of February 16th, 1925, in which the payment of one thousand dollars was acknowledged by the grantor for the purchase of two parcels of land. The receipt-tax was paid by a 2-cent Two Leaf excise stamp. (The names of the grantors and the grantee have been electronically deleted.) (84% of actual size.)

WARD No. 8 Div. No. 3 ASST. N^o 256481	<h1 style="margin:0;">1923</h1> <h2 style="margin:0;">CITY OF TORONTO TAXES</h2> <p style="margin:0;">Based on Assessment made in 1922</p>	TAXES PAYABLE IN 1923 <small>ON OR BEFORE</small> 1st INSTALMENT 18th MAY 2nd " 18th JULY 3rd " 18th SEPTEMBER																													
Mills, 5 Hambley St. Street HAMBLY House 5 Lot No. Plan No.		NOTE 1. MAKE ALL CHEQUES PAYABLE TO CITY TREASURER. 2. If paid in full on or before the 18th May, 1923, a reduction of 1½ per cent. on 2nd and 3rd instalments, equivalent to approximately a rate of 7 per cent. per annum is allowed. 3. PENALTIES FOR NON-PAYMENT—Full particulars as to penalties and interest charges—See back of bill. 4. Failure to receive Tax Bill will not exempt ratepayer from penalty and interest charges. 5. Stamped and addressed envelope should be enclosed with remittance to ensure prompt return of receipt. 6. OFFICE HOURS: 9 a.m. to 5 p.m.; Saturday, 9 a.m. to 12 o'clock noon. [SEE OTHER SIDE]																													
GENERAL RATES <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3">ASSESSMENT</th> <th>TAX RATE</th> <th>MILLS in \$</th> <th>Amount of Taxes</th> </tr> <tr> <th>Business</th> <th>Income</th> <th>Real Property</th> <th></th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td>2549</td> <td>General</td> <td>20 4/5</td> <td>53.02</td> </tr> <tr> <td></td> <td></td> <td>3469</td> <td>Public</td> <td>10</td> <td>34.69</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Separate</td> <td>14 1/5</td> <td></td> </tr> </tbody> </table>			ASSESSMENT			TAX RATE	MILLS in \$	Amount of Taxes	Business	Income	Real Property						2549	General	20 4/5	53.02			3469	Public	10	34.69				Separate	14 1/5
ASSESSMENT			TAX RATE	MILLS in \$	Amount of Taxes																										
Business	Income	Real Property																													
		2549	General	20 4/5	53.02																										
		3469	Public	10	34.69																										
			Separate	14 1/5																											
LOCAL IMPROVEMENT RATES <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th>Sewer</th> <th>Roadway</th> <th>Sidewalk</th> <th>Grading, Widening, etc.</th> <th>Snow Clearing</th> <th>Area Rental</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		Sewer	Roadway	Sidewalk	Grading, Widening, etc.	Snow Clearing	Area Rental							Total 57.71																	
Sewer	Roadway	Sidewalk	Grading, Widening, etc.	Snow Clearing	Area Rental																										
1st Instalment Payable on or before 18th MAY, 1923 Includes portion of general taxes and local improvement rates 27.02 E. & O. E.		2nd Instalment Payable on or before 18th JULY, 1923 Includes balance of general taxes and local improvement rates 26.00 E. & O. E.																													
		3rd Instalment Payable on or before 18th SEPTEMBER, 1923 Represents school tax on real property 34.69 E. & O. E.																													

Figure 4: City of Toronto tax-bill for the year 1923. Three payments are acknowledged by rubber-stamped marks along the bottom of the document. For two of the receipts, the City also marked the bill with its official 'Receipt Tax Paid' rubber-stamp. This tax-paid rubber-stamp was issued to the City by Customs and Excise Canada, the title of the day for the federal revenue department. Use of this rubber-stamp was permitted only for municipalities who had been given permission to pay the receipt-tax monthly by cash or cheque in place of affixing stamps. An enlargement of the tax-paid mark is shown at right.

Reference Notes (Continued from page 7.)

- e- Farrow, R.R., Customs & Excise Circular N^o 237C (Revised) of July 4th, 1923, National Archives, RG 16, Vol. 1057.
- [3] - Farrow, R.R., Customs & Excise Circular N^o 426C of May 27th, 1925, National Archives, RG 16, Vol. 888.
- [4] a- Anonymous, "Double Revenue Stamps for Bills \$10 or Over," *Canadian Grocer*, May 29th, 1925, p. 15.
- b- Anonymous, "Only One Stamp Required," *Canadian Grocer*, June 5th, 1925, p. 19.
- c- Canada, *Debates of the House of Commons*, 1925, pp. 3334-3337.
- d- Farrow, R.R., Customs & Excise Circular N^o 449C of August 20th, 1925, National Archives, RG 16, Vol. 888.
- [5] a- Canada, *Debates of the House of Commons*, 1923, p. 3938.
- b- Farrow, R.R., Customs & Excise Circular N^o 274C of September 12th, 1923, National Archives, RG 16, Vol. 1057.
- [6] - Farrow, R.R., Customs & Excise Circular N^o 238C of December 18th, 1922, National Archives, RG 16, Vol. 1057.
- [7] - Farrow, R.R., Customs & Excise Special Memorandum, March 19th, 1923, National Archives, RG 16, Vol. 1057.
- [8] - Canada, *Debates of the House of Commons*, 1926, p. 3739.



(75% of actual size.)

(200% of actual size.)

