

**Canada's Stamp Taxation of Tobacco Products,
1864 - 1974**

**Part 4: Manufactured Tobacco Stamps and Stamping,
1883 - 1897**

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Canada's Stamp Taxation of Tobacco Products: 1864 – 1974

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— Part 4 —

Manufactured Tobacco Stamps and Stamping: 1883-1897

The Inland Revenue Act of 1883, in effect as of July 1st, completely revised the means by which the excise duty on tobacco products was collected. The key change was the replacement of the semi-monthly payments of duty and stamps being affixed by excise officers with the purchase and affixing of the stamps by manufacturers or merchants. In addition, the new procedures discontinued the red warehouse and the brown or violet re-worked stamps. Under the new system, packages were not stamped when put in a bonding warehouse and general purpose tobacco duty-stamps were affixed to all packages released for consumption. This included packages released from a bonding warehouse or directly from a factory or following any re-working. The colour scheme for the duty-stamps was reduced to black for products in whole or in part of foreign leaf, green for products of Canadian leaf exclusively and blue for imported products. Division-specific stamps were eliminated as existing supplies were consumed.[3, 9, 93]

Another new development was the sale of tobacco duty-stamps to authorized merchants who owned and operated specially licensed bonding warehouses. Under this system, tobacco products would be shipped in excise bond from a manufacturer to a merchant's licensed warehouse where they remained in bond until taken for sale to a consumer. Stamps would be purchased by the merchant from the local Revenue Collector and affixed to packages prior to their removal from the warehouse.[3, 9, 93]

In anticipation of the new procedures, Revenue Collectors were advised on May 22nd, 1883, of the pre-1883 tobacco stamps that were to continue in use on and after July 1st and of those stamps that were to be discontinued and returned to the Department.[3, 93] These two groups, with one June amendment, are itemized at right in Table 3.

Among the first stamps to be issued under the new Statute, as part of the Series of 1883, were large, denominated stamps to replace the discontinued Caddy and Box stamps on packages of pressed tobaccos. Initially (May 1883), these stamps were to have consisted of a 10-pound rectangular stamp (Figure 52 at right) and four coupon-stamps (Figure 53 below) of 15, 20, 60 and 70 pounds, covering packages from 15 to 25 pounds and 60 to 80 pounds. However, prior to their July 1st introduction, a 10-pound coupon-stamp was added to the set for packages of 10 to 14½ pounds. [3, 93]

The 10-pound rectangular stamp in Figure 52 was withdrawn from use by 1888, presumably because it had been redundant from the time of its introduction in 1883.[3, 94] BABN records indicate that this stamp was produced only in black and in blue.[46 pp. 614, 618]

Additions to the series were made in 1885, when 35 and 100-pound coupon-stamps were introduced. These stamps added 35 to 45 pounds and 100 to 110 pounds to the range of available sizes for packages of pressed tobaccos. The 1 and 5-pound coupon stamps, covering packages from 1 to 4 and 5 to 9½ pounds, were not introduced until 1890 and 1888, respectively.[95, 96, 97]

Table 3: Status of pre-1883 tobacco revenue stamps as of July 1st, 1883.

Remained in use on and after July 1st:

- All black strip-stamps for cut tobacco and cigarettes.
- All blue strip-stamps for cut tobacco and cigarettes.
- Green 1/5, 1/4, 1/2 and 1-pound strip-stamps.
- Black 5-pound stamps for fine-cut chewing tobacco.
- Black 10-pound stamps for pressed and fine-cut chewing tobaccos.

Discontinued as of July 1st:

- All brown and violet stamps for re-worked tobacco.
- All red stamps for warehoused tobacco.
- All Box and Caddy stamps, regardless of colour.
- All black 15-pound stamps.
- Green strip-stamps other than those listed above as remaining in use.



Figure 52: Series of 1883, excise duty stamp for packages containing ten pounds of pressed tobacco.

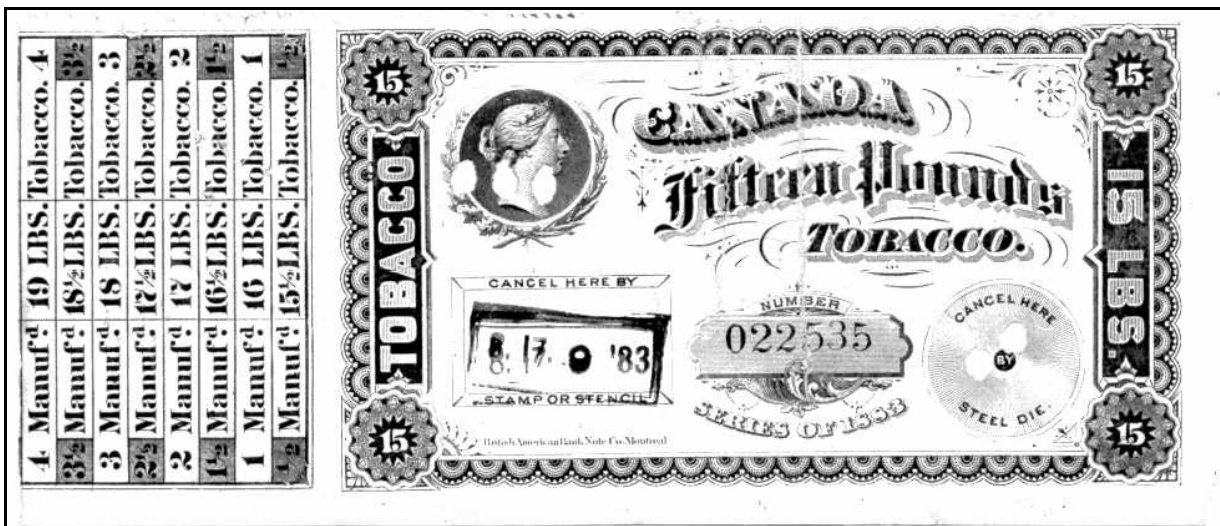


Figure 53: Series of 1883, excise duty coupon-stamp for packages of 15 through 19½ pounds of pressed tobacco, used at 19 pounds.

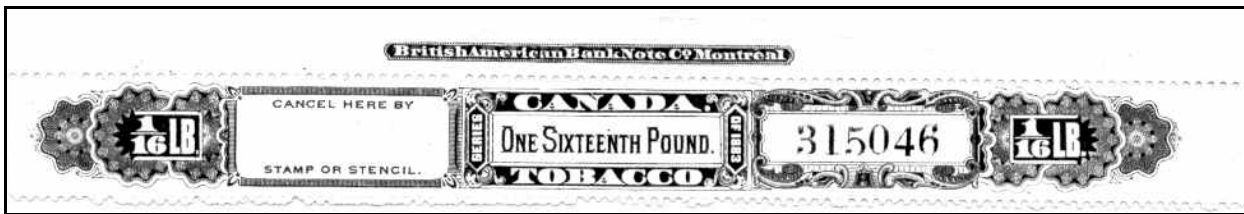


Figure 54: Series of 1883, excise duty strip-stamp for packages of cut tobacco.

The introduction of the 1 and 5-pound coupon-stamps was made for the benefit of small retailers who could not afford to keep a large supply of pressed tobacco in stock. Prior to this, these retailers often remedied their problem by breaking up the larger caddies or boxes. This practice was illegal and the cause of many seizures by revenue officers.[98]

For some time after its 1888 introduction, the 5-pound coupon-stamp was not popular with tobacco manufacturers. By 1890, only two of twenty-eight firms had made use of this stamp. The arguments made by manufacturers against the production of smaller packages were that reduced sizes increased production costs and harmed the quality of pressed tobaccos. To compensate for the increased costs, the duty on pressed tobaccos was reduced in 1890 by five percent when these products were packaged in units of four pounds or less.[97, 98, 99]

The coupons on the 1 through 20-pound stamps were denominated in one-half pound units, while those on the 35 through 100-pound stamps were given in one-pound units. All of these stamps were printed by intaglio and were used in the standard colours, black, blue and green, except for the 100-pound value, which was not produced in green.

During the period of 1883-1897, the 15 and 20-pound values were by far the most heavily used denominations of the coupon-stamps.[46 pp. 614, 617, 618, 621, 623] As will be discussed later in this work, it would not be until after 1897 that market demand shifted to smaller packages for pressed tobaccos. By the late-1920s, the 1-pound denomination would be the most commonly used coupon-stamp.[100]

Unlike the coupon-stamps for pressed tobaccos, the Series of 1883 strip-stamps for cut tobacco (Figure 54 above) were not immediately required in July of 1883. Due to substantial quantities of old stamps on hand, obsolete denominations were surcharged and the new, 1883 designs were only introduced over time as required by depleted stocks. Pre-1883 issues of strip-stamps were still being supplied by BABN until late-1887. By the beginning of 1888, the pre-1883 designs had been declared obsolete.[101; 68 pp. 2-3, 74] The new denominations of 1/12, 1/9 and 1/6-pound were added in the 1889-1892 period, while the new 1/7 pound stamp was added in or after 1892.[102, 103] Starting in November of 1887, with the addition of a 1/8-pound value, the available denominations of green strip-stamps were expanded over time to include items as low as 1/10-pound by 1892.[103, 104]

Many of the Series of 1883 strip-stamps for cut tobacco were produced in both intaglio and lithographed versions. The government did not become aware of the lithographic printings in this Series until the 1896 tendering for the 1897 security-printing contract.[107] Once discovered, the lithographic printings were considered by certain individuals in the government to be a violation of its ongoing contracts with BABN. This view prompted an action in the Exchequer Court of Canada against BABN. As part of the proceedings, an accountant examined BABN's production records to compile a detailed list of quantities of intaglio and lithographed stamps and related items produced since 1868 for the Revenue Department.[46 pp. 94-95, 611-624]

Production details, as extracted from Court documents, are itemized below in Table 4. Please note that this data is taken from a secondary source compiled by an independent accountant from original BABN records years after the actual time of production. The source is particularly unclear as to the printings of the blue and black 1/20-pound stamps. As a result, the information presented in Table 4 may contain

errors and should be verified by an examination of available stamps.

Table 4: Printing types of Series of 1883 strip-stamps for cut tobacco.

Denomination	Intaglio Printings			Lithographic Printings		
	black	blue	green	black	blue	green
1/20 lb.	X	?	—	?	?	—
1/16 lb.	X	X	—	—	—	—
1/12 lb.	X	X	—	—	—	—
1/10 lb.	X	X	X	X	—	—
1/9 lb.	X	X	X	—	—	—
1/8 lb.	X	X	X	X	X	X
1/7 lb.	X	—	—	—	—	—
1/6 lb.	X	X	X	—	—	—
1/5 lb.	X	X	X	X	X	X
1/4 lb.	X	X	X	X	—	X
1/2 lb.	X	X	X	—	X	—
1 lb.	X	X	X	X	X	X

- 'X' signifies that the item was listed in the BABN records as having been produced.
- '—' indicates an item that was not listed in Company records.
- '?' denotes an item about which the records are not clear.

The key item that would have concealed BABN's supposedly unauthorized production of lithographic stamps is the company's position as the Revenue Department's distributor for the tobacco revenue stamps. From the late-1870s until December of 1891, BABN was required to maintain an estimated six-month stock of tobacco stamps. Out of this stock, stamps were sent by the Company directly to local Revenue Collectors upon receipt of requisitions either from the Collectors or the central office in Ottawa.[108; 46 p. 84; 68 pp. 45-50; 81 p. 10]

A detailed statement of the tobacco stamp stocks held by BABN in its capacity of official distributor was prepared on December 19th, 1882, at the request of the Revenue Department. At that time, the company held over 7.8 million tobacco stamps. In anticipation of the Act of 1883, the Revenue Department then instructed BABN on January 13th, 1883, not to print any new supplies of the soon to be supplanted stamps unless specially authorized to do so.[109; 68 pp. 3, 16, 18] In February and March of 1888, BABN delivered nearly 4.67 million of the now obsolete Series of 1880 and 1881 tobacco and cigar strip-stamps to the Revenue Department as remnants of the old stocks. Nearly 1.76 million of the remainders were 1/20-pound stamps in black or blue, about 2.11 million were stamps that had been obsolete since 1883 and almost 0.8 million were other miscellaneous denominations.[110]

Beginning in 1886, the Revenue Department supplemented the cut-tobacco strip-stamps with small, upright rectangular stamps. An example is illustrated at right in Figure 55. The three denominations of these items, 1/10, 1/8 and 1/12-pound, are designated in their designs as Series of 1886, 1887 and 1889, respectively.

BABN records show that these small stamps



Figure 55: One of three values of small stamps for cut-tobacco. These stamps saw limited use from 1886 until circa 1892



Figure 56: Series of 1883, green excise duty strip-stamp for Canada Twist made by licensed farmers.

were produced only in black by intaglio and in relatively small quantities. In addition, the following evidence indicates that they were in use for only a few years. First, a September 1892 Revenue Department list of available stamps includes only the 1/10-pound denomination.[103] Second, BABN records indicate that no supplies of any of the small stamps were delivered to the government after 1892.[46 pp. 613-624] Third, a Finance Department document from 1896 describes these stamps as no longer required by manufacturers.[105]

The Series of 1883 stamps for Canada Twist, as illustrated above in Figure 56, did not appear until late-1887 at the earliest. They were prepared in green by intaglio in three denominations, 1/4, 1/2 and 1-pound.[106, 46 pp. 613-624] Unlike other strip-stamps, the stamps for Canada Twist had only a small printed portion at their centre with long, blank ends at either side, presumably to be wrapped by licensed farmers around the coils of twisted tobacco. The total length of the twist stamps varied from item to item, but was about nine inches (22.8 cm).

Beginning July 1st, 1883, excise stamps affixed to tobacco products were required to be cancelled by the manufacturer or merchant. This cancellation was done in part by rubber hand-stamps that produced a rectangular impression enclosing an identification code along with the month and calendar year.[3] A model of the cancellation from July of 1883 for Macdonald Tobacco of Montreal is given below in Figure 57.

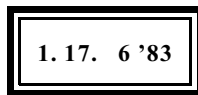


Figure 57: Cancellation from Macdonald Tobacco for July of 1883. The characters respectively represent the Licensed User, the Revenue Division, the Month and the Calendar Year.

In addition to the rubber-stamp cancellation, the coupon stamps were to be cancelled by a die that imbedded part of the stamp into the wood of the package. Coupon stamps on metal packages were to be defaced by a sharp edge that cut the stamp.[3]

The stamps used by licensed merchants can be differentiated from those used by manufacturers by means of the stamped cancellations. Manufacturers were assigned a numeric identification code such as '1-17' for Macdonald Tobacco of Montreal. Licensed merchants were assigned an alpha-numeric code such as 'A-17' for D.C. Brosseau of Montreal. A listing of the numeric designations for the Revenue Divisions is given in Table 5. A partial list of tobacco manufacturers' codes was presented in *CRN* N° 13 of August 1996.

Beginning in April of 1884, individuals who did not operate a licensed bonding warehouse could receive tobacco products in bond and pay the duty on their arrival. In such situations, the dutiable goods would be shipped in bond to the local Revenue Collector who would affix and cancel the requisite stamps. Special rubber-stamp cancels were issued for this purpose.[91, 112] The impressions produced by these devices are surmised to have included the date and the numeric designation of the Division.

Beginning in July of 1887, the rectangular hand-stamps were replaced with roller cancels from which the date was omitted.[94, 113] Models (not to scale) of the impressions produced by these rollers are illustrated below in Figure 58.

From the very beginning in 1883, manufacturers could be given permission to cancel their duty-stamps by means other than the official

rubber stamps.[3, 94] Over time, these manufacturers' cancels (usually stencilled or printed) would almost completely replace the official cancels, especially with respect to small tobacco stamps.

(To be continued.)

Table 5: Official designations for Revenue Divisions, 1883-1921.

1 = Charlottetown PEI	15 = Terrebonne QC	29 = St. Catharines ON
2 = Cape Breton NS	16 = Beauharnois QC	30 = Hamilton ON
3 = Pictou NS	17 = Montreal QC	31 = Brantford ON
4 = Halifax NS	18 = Cornwall ON	32 = London ON
5 = Yarmouth NS	19 = Prescott ON	33 = Stratford ON
6 = St. John NB	20 = Ottawa ON	34 = Windsor ON
7 = Chatham NB	21 = Perth ON	35 = Algoma ON
8 = Quebec QC	22 = Kingston ON	(later Port Arthur)
9 = Trois Rivieres QC	23 = Belleville ON	36 = Winnipeg MB
10 = Sherbrooke QC	24 = Cobourg ON	37 = Victoria BC
11 = Sorel QC	25 = Peterborough ON	38 = Vancouver BC
12 = St. Hyacinthe QC	26 = Toronto ON	39 = Calgary AB
13 = Iberville QC	27 = Owen Sound ON	40 = Dawson YT
(later St. Jean)	28 = Guelph ON	41 = Moose Jaw SK
14 = Joliette QC		

- Most Divisions were named after a principal municipality and encompassed areas that were much larger than would be suggested by their names alone.
- In 1883, the list ended with N° 37, Victoria. Divisions N° 38, 39, 40 and 41 were added later, usually by the partitioning of an existing Division. In addition, some smaller Divisions were absorbed over time by larger Divisions.
- Some Divisions, such as N° 20 and 36, Ottawa and Winnipeg, encompassed areas in more than one province and/or territory. [111]

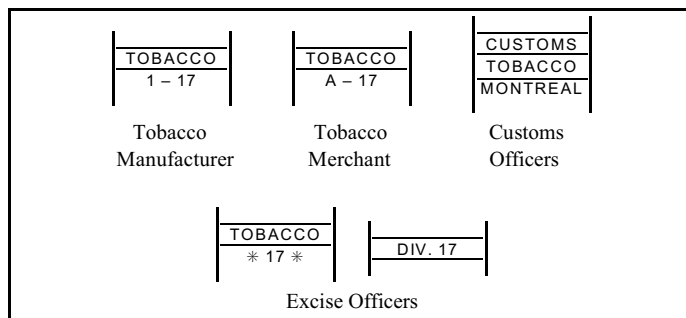


Figure 58: Rubber-stamp cancels introduced in and after July 1887.

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