

CANADIAN REVENUE NEWSLETTER

A Publication of the Canadian Revenue Study Group of BNAPS

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Number 25

SUPPORT THE DEALERS WHO SUPPORT US

The dealers listed below support the Revenue Group and *Newsletter*. Why not contact them for your philatelic needs?

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☛ E.S.J. van Dam Ltd., P.O. Box 300, Bridgenorth Ontario, Canada K0L 1H0

☛ Steven Zirinsky, P.O. Box 49, Ansonia Station, New York New York, U.S.A. 10023

MEMBER SUPPORT

The Revenue Study Group would like to thank the following member for his recent donation in support of the *Newsletter*:
Joseph Coulbourne.

MEMBERSHIP NOTES

New Members:

☛ David Deveney, Penticton, British Columbia

☛ Bruce Holmes, Halifax, Nova Scotia

Mail returned. Please advise the Editor of any known address.

☛ Don Fraser, Winnipeg, Manitoba.

More Local Airport Departure Fees

have come to the attention
of the Editor, including:

Fort St. John BC, Kelowna BC,
Moncton NB and Sydney NS.

If readers are aware of any such fees
that have not been mentioned in the
Newsletter, please inform the Editor.



WANTED:



Office Stamp Cancellations on
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Hunting and Fishing Revenues

Avid collector of Canadian provincial hunting and fishing
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BC (1986-1997) and Ontario (?-1997).

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MOVED? MOVING?

Address Changes Sent To BNAPS
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Study Groups.

Please Send Your New Address
To The Editor.

Otherwise, Your Newsletters
Will Be Delayed.

1968 FISHERMEN U.I. STAMP
WITHOUT A SPECIMEN OVERPRINT



(150% of actual size)

©1999 D. Hannay

David Hannay has submitted the above stamp (van Dam's FU110), a mint \$1.60 value of the 1968 Fishermen series of the Unemployment Insurance stamps **without a specimen overprint**. This item was purchased in van Dam's auction N° 58 of June 18th, 1998. To the best recollection of van Dam and others asked, only specimen copies of this series have been seen to date, making the above item the first to be reported. Are there any others out there?

— C.D.R.

OFFSET ON QUEBEC 1871 REGISTRATION STAMP



(150% of actual size)

©1999 D. Hannay

David Hannay has submitted a used copy of the five-cent value from the 1871 "Beaver" series of Quebec Registration stamps with a clear, off-centre offset impression on the back.

— C.D.R.

UNUSUAL EXAMPLES OF THE EXCISE TAX ON COMMERCIAL PAPER

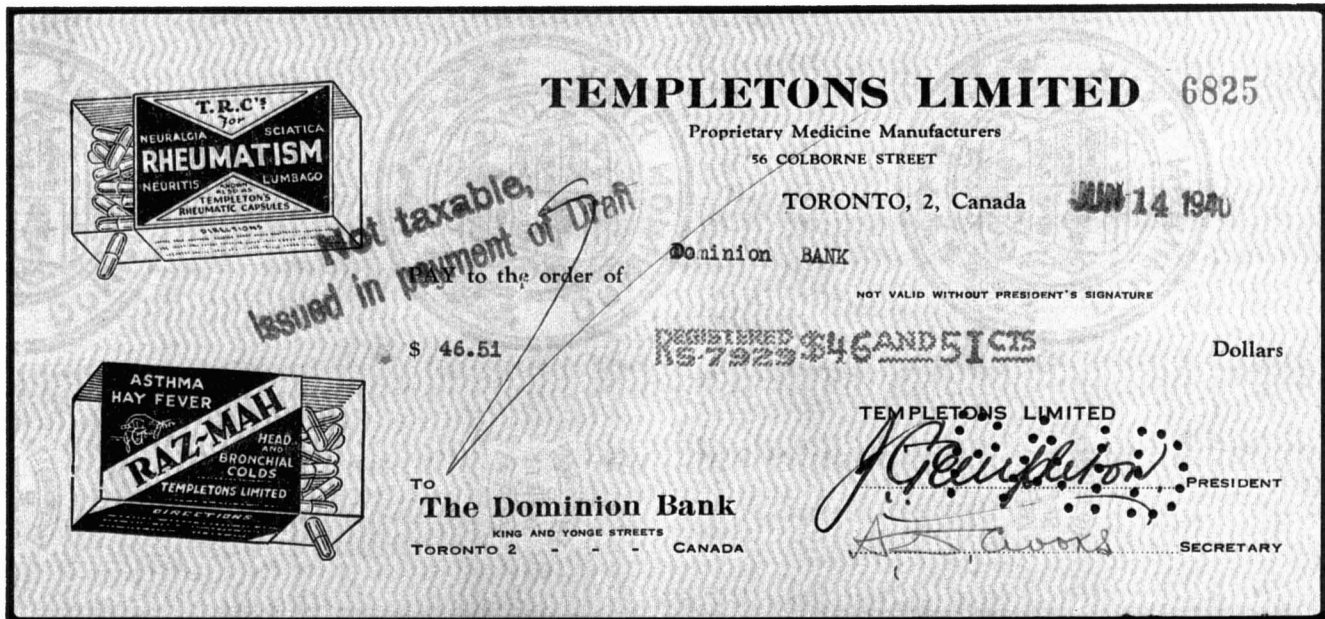
— Part 4 —

Christopher D. Ryan

In Part 2 of this article (see CRN N° 23) reference was made to the use of commercial drafts (legally known as inland bills of exchange) to collect debts. Illustrated here is a June 14th, 1940, cheque issued to the Dominion Bank in payment of just such a debt by Templetons Ltd., a Toronto manufacturer of proprietary medicines. This document is rubber stamped in black with the two-line inscription: "Not taxable,

/ Issued in payment of Draft."

This writer has been unable to find any legislation, regulation or other document that mentions this exemption. It is surmised that this exemption was made by some sort of Revenue Department ruling, the logic probably being that the draft and the cheque comprised a single financial transaction and should be taxed as such.



(80% of actual size.)

ONTARIO'S GASOLINE TAX: 1925 – 1937

Christopher D. Ryan

This article is the second in a series covering Ontario's statutes and regulations for which stamps or tickets served as a collection medium for monies due to, or held in trust by, the government or judicial system. Out of the six categories of such items, four represented taxes: Amusements, Gasoline, Luxury and Security Transfer. The remaining two categories comprised the Law and Vacation Credit stamps. The Luxury Tax on beverages was described in CRN N° 18 of September 1997.

As indicated by a November 28th, 1921, letter to the Deputy Minister of Highways, a tax on gasoline sold in the province was under consideration as early as that year. In this letter, the Solicitor for the Ontario Treasury Department suggested three options for the imposition of a gasoline tax that would keep it within the constitutional authority of the Province to levy only direct taxes. These options were as follows:

- ① The licensing of wholesale and retail vendors, with the amount of the fee being proportional to their sales.
- ② Collection of a tax per gallon directly from consumers by means of revenue stamps or tickets.
- ③ A government monopoly on the retail sale of gasoline.[1]

A tax per gallon, paid by manufacturers, wholesalers or retailers, was considered to be an indirect tax as it would have been passed on to consumers as part of a marked-up sale price.

Ontario's gasoline tax did not come into being until May 11th, 1925.[2] The exact reasons for the delay in imposing the tax have not yet been determined, but concerns about its constitutional validity were possibly a factor. To remain within the bounds of Ontario's constitutional authority the 1925 Act was phrased so as to impose the tax directly upon the consumer of the gasoline. Section 3 of the Act provided that:

For the purpose of providing for a fair contribution by the users of roads in Ontario towards the cost of the construction and maintenance thereof, every purchaser shall pay to the Minister [of Public Works and Highways] for the use of His Majesty in the right of the Province of Ontario, a charge or tax at the rate of three cents a gallon on all gasoline purchased or delivery of which is received by him.[2]

According to regulations issued on May 6th, 1925, retail dealers of gasoline were designated as agents of the government for the collection of the tax. These regulations stated that the collection was to be achieved by means of revenue stamps.

The Minister, through the Department of Public Highways, shall supply all dealers in gasoline with stamps of such denomination as may be necessary and convenient for the payment of the tax and between the hours of 10 a.m. and 4 p.m. except on Saturdays when stamps need not be sold after 12 o'clock noon and except on legal holidays, shall sell such stamps as required. . . .

The Minister may sell stamps to any person or persons in different localities in Ontario at a discount not exceeding ten per centum for the purpose of re-sale to persons requiring such stamps. . . .

If for any reason stamps cannot be obtained the tax shall be collected in cash and the person collecting the same in cash shall remit the same forthwith to the Minister together with a sworn return in such form as the Minister may require showing the amount of gasoline sold and the amount of tax collected. . . .

Every dealer in gasoline selling and delivering gasoline to a

purchaser in Ontario shall keep a record of the number, denomination and amount of stamps sold, and monthly, on or before the 10th day of each month, make a return in the form of an affidavit or statutory declaration giving full particulars of the stamps sold and showing the number of gallons of gasoline sold by him and the persons from whom the same were purchased or procured during the preceding month.

Every person selling or delivering gasoline in Ontario to a purchaser as defined in the Gasoline Tax Act, 1925, shall inform such purchaser of the price of the gasoline by way-bill, bill of lading or sale note in writing showing the cost of the gasoline to the purchaser and separately stating the amount of the charge or tax imposed or collected from the purchaser under the said Act, and it shall be the duty of the purchaser to see that stamps sufficient for the amount of the tax are affixed to such way-bill, bill of lading or sale note and cancelled by the person so selling or delivering the gasoline.[3]

However, the provisions for the use of revenue stamps appear to have been included only as a contingency measure in case of legal or other difficulties. The intended and preferred method was the collection of the tax in cash from manufacturers, importers and wholesalers. This situation is given by a May 7th, 1925, letter from the Highways Department to the gasoline companies.

. . . Provision is also made for the use of stamps in connection with the collection of such tax. However, clause 9 of the regulations states as follows:

'In lieu of the collection of the charge or tax in the manner hereinbefore provided the Minister may arrange for the collection of the charge or tax through any person as his agent in such manner not inconsistent with the provisions of the Act as may seem to him expedient.' . . .

Articles of agreement have also been drawn which are between the Honorable G.S. Henry, Minister of Public Works and Highways and the various wholesale manufacturers, importers and distributors, which provide for the appointment of such vendors as agents acting for the Minister. For this service the Minister agrees to allow the agent for the collection and remittance of the charge or tax a commission of two per cent. of the net monthly proceeds. . . .

A representative of this Department will shortly call on your Company in order that the agreement may be finally executed; and it is hoped that we may have from your Company close co-operation in connection with the enforcement of this Act and its provisions.

You will quite appreciate that we are sending you this advance notice in order that you may be able to advise all your dealers of the date on which this Act becomes effective as the collection of the three-cent tax will be made by the Government as of May 11th, 1925, whether the articles of agreement have been executed by that time or not.[4]

A postscript to the letter noted:

The Deputy Minister, Dept. of Highways advises that proprietors of garages will not be required to collect tax on their sales as this tax has already been paid on gasoline purchased by them.[4]

In addition to manufacturers, importers and wholesalers, some individual service stations were also appointed as agents for the collection of the tax.[5] The advantage to the retailer would have been reduced overhead costs. As an appointed agent, the retailer would not

have had to pay the tax to the manufacturer or distributor in advance of their own sales to consumers.

The special circumstances that required the use of revenue stamps were described by the Treasury Department's Controller of Revenue in a January 5th, 1934, letter to the Deputy Treasurer:

When a company refuses or defaults in the payment of Gasoline Tax, the only method to force collection is to place an Inspector in every Gasoline Station selling gas of the said company to see that a receipt is given to every purchaser of gasoline and that the necessary Gasoline Stamps are placed on the said receipt.

Generally owing to the small amount of business done by companies of this nature the cost of inspection is greater than the amount of tax collected.[6]

These comments by the Controller generate two possible scenarios:

- ① The consequence of the refusal or default of the gas company was the placement of the government inspectors and not the use of the stamps themselves. In this scenario the stamps could be used by a company without a prior refusal or default on the payments of the tax.
- ② The consequence of the refusal or default was the use of the stamps with the obligatory attendance of the inspector.

The first scenario seems to be improbable as the unsupervised use of the gasoline tax stamps would not have guaranteed collection of the tax to any greater degree than the use of the monthly affidavits and cash payments. This leaves the second scenario as the more likely procedure. The validity of the second scenario is supported by statements found in the *Annual Reports of the Controller of Revenue*. In particular, the report for 1928/29 states that the gasoline stamps had been "***affixed and cancelled***" by the government inspectors.

With respect to payment of the tax by means of revenue stamps, government documents indicate that vendors were initially required to purchase the stamps from the central office of the Treasury Department in advance of their use. This prepayment of the tax appears to have continued until October 31st, 1931, the end of the 1930/31 fiscal year.

Beginning with the 1931/32 fiscal year the *Annual Reports of the Controller of Revenue* specifically state that the gasoline stamps were now sold by the Inspectors. This new scheme is also reflected in the inclusion of the value of the stamps sold in statements of revenue collected by individual Inspectors. Prior to 1931/32, the revenue raised by the Gasoline Tax stamps was listed as an entry separate from the monies collected by Inspectors. The most explicit indication of payments having been previously made direct to the central office of the Treasury Department is given by the 1930/31 Report. In this document the revenue from the gasoline stamp is listed under the heading: "***Revenue Collected - Office Account.***"[7, 8]

Stamp Production and First Use

The First Series of Gasoline Tax stamps was paid for by the Department of Highways prior to the close of the 1924/25 fiscal year on October 31st, 1925.[9] This indicates that they were produced and delivered by the British American Bank Note Company prior to that same date. Examples of the 3 and 15-cent denominations in this series are illustrated below in Figure 1. The 3-cent gasoline-tax overprint was applied to the 5, 40, 50, 60 and 70-cent values of the Law stamps, while the 15-cent gasoline-tax overprint was applied to the 60, 70, 80 and 90-cent Law stamps.

The majority of these denominations of Law stamps were those that saw little use during the 1920s. The exact numbers of Law stamps sold in the period of July 4th, 1921 through January 31st, 1926, are detailed in an audit by the Provincial Auditor and is reproduced in the Appendix. A comparison of the quantities indicates that only a

negligible number of the 70, 80 and 90-cent Law stamps were sold, while the number of 5, 40 and 60-cent Law stamps sold was substantially less than other denominations under \$20. In fact, with the exception of the 5 and 50-cent values, none of the Law stamp values used for Gasoline Tax stamps were retained when the First Issue of Ontario Law stamps were withdrawn and replaced on January 1st, 1929.[10]



Figure 1: Examples of the First Issue of Gasoline Tax stamps.

The quantities produced of each design of the 3 and 15-cent Gasoline Tax stamps are not known but the total number of all the variations seems to have been approximately 192,000 to 200,000. This estimate is based on the \$384 paid to BABN by the Highways Department and the price of \$2 per 1000 paid in 1925 by the Treasury Department for the provisional 50-cent Luxury Tax stamp.[11] These two issues were virtually identical with respect to their production and as such their purchase price should have been about the same. The 200,000 end of the range allows for a slight discount due to the number ordered (as only 30,000 of the provisional 50-cent Luxury Tax stamps were purchased) and the propensity for the government to order in multiples of 5,000 or 10,000.

It appears that soon after the imposition of the Gasoline Tax the government experienced difficulties in obtaining the monies from their appointed agents. A report made by the Assistant to the Deputy Minister of Highways noted that:

After the Gasoline Tax Act came into force on May 11th, 1925, it was discovered that some of the dealers collecting the tax would not pay promptly. On a number of occasions permission was requested from the Department of the Attorney-General to take action against these delinquent dealers but the Department was never allowed to take any legal action. The reason for this was that the Provinces cannot levy indirect taxation. According to the British North America Act, all Provincial taxation must be of a direct nature.[12]

However, for unknown reasons, the use of the stamps to enforce the law did not begin until August of 1928. Prior to that time the Highways Department merely accepted periodic payments on the accumulated tax owed. This debt was determined from the monthly statements submitted by the agents and/or Highway Department auditors.

This practice is evidenced by Highway Department ledgers, held by the Archives of Ontario, in which the detailed accounts of all gasoline suppliers responsible for the collection of the tax are listed.[5] The ledgers cover the fiscal years detailed below and list a number of agents as being in arrears on their payments.

Fiscal Year	Total Number of Agents		Agents in Arrears by a Significant Amount
	Commission Paid.	No Commission	
Nov 1st - Oct 31st			
1924-1925	100	2	6
1925-1926	114	3	7
1926-1927	122	7	11
1927-1928	134	14	14

Agents who were not paid any commission included those not under agreement and others such as the Goodyear Tire and Rubber Co., Canadian Goodrich Co. and the Borden Milk Co. It is probable that these firms used the gasoline in their own own vehicles.

The ledgers held by the Archives show that the Highways Department continued to permit those agents that were in arrears to use a statement or affidavit of quantities sold. The only account in which stamps are mentioned occurs in the fiscal year 1927/28 and is reproduced in the Appendix. In this account, that of the Penn Canadian Oil Company, the last monthly affidavit covers only the first four days of August 1928. Following this there is the very significant notation:

"See revenue collected by 'Treasury Dept.' for sale of stamps. October 1928 for 721.20." [8]

The Report of the Controller of Revenue for the fiscal year ending October 31st, 1928, does not list the revenue from the sale of the gasoline stamps. In subsequent years this does appear as an entry, along with the revenue derived from adjustments made during the audits of the records kept by licensed agents. It is only these adjustments, amounting to \$432.63, that appear in the report of 1927/28. [13]

August 5th, 1928, was a Sunday and therefore it appears that, on or shortly after Monday, August 6th, 1928, the 3 and 15-cent Gasoline Tax stamps were first put into use at the retail outlets of the Penn Canadian Oil Company. According to the *Toronto Directory* for 1928, Penn-Canadian had a retail outlet at "597-601 Keele Street" and its head office at "21 Yorkville Avenue." [14] It is not yet known if this company also sold gasoline at its Yorkville address. The *Toronto Directory* does not indicate which of the independent retail stations were also supplied with their gasoline by Penn-Canadian. The existence of Penn Canadian outlets in other cities has not yet been determined. Penn-Canadian was a relatively new company, having received its letters patent of incorporation on June 6th, 1927. [15]

As of March 27th, 1929, the tax rate was increased to five cents per gallon. [16] It is at this time that the surplus supplies of the 1 and 6-cent Luxury Tax stamps, held by the government since May of 1926, must have first been handstamped to create the 5 and 25-cent Gasoline Tax stamps illustrated below in Figure 2. The 6 and 30-cent stamps shown in the same Figure must have appeared on or after March 24th, 1932, when the tax rate became six cents per gallon. [17] All four of these denominations exist with both red and purple handstamps. No reason for this use of two colours is known but it may have just been a case of whatever ink was available at the various times when the handstamping occurred.

The date or dates of issue of the \$1.50 and \$3.00 denominations (van Dam's OGT 19 & 20, which are not illustrated here due to their extreme rarity) are unknown. The only known references to the \$1.50 value occur in the Stock Transfer Stamp section of two Annual Reports of the Controller of Revenue and a February 21st, 1935, audit of the quantities of gas stamps on hand. [17] These references are:

Fiscal Year 1932/33: 50 of the \$1.50 stamps were overprinted.
 Fiscal Year 1933/34: 350 of the \$1.50 stamps were overprinted.
 In Stock as of Feb. 21st, 1935: 80 of the \$1.50 Gasoline Tax stamps.

The one and only reference to the \$3.00 value occurs in the 1935 audit report which noted that **five** such stamps were in stock. This

information presents three possibilities:

- ① Both the \$1.50 and \$3.00 denominations were issued prior to November 1st, 1932, in conjunction with the five and/or six cent tax rates, but no differentiation was made between stock transfer stamps sold for use and those overprinted as gas stamps prior to November 1st, 1932.
- ② The \$1.50 gas stamp was first issued in the fiscal year 1932/33 with the \$3.00 value being issued sometime in the period of November 1st, 1934, through February 20th, 1935.
- ③ The \$1.50 value was issued prior to November 1st, 1932, (with the overprinting not noted in the Controller's reports) while the \$3.00 value was not issued until the period of November 1st, 1934, through February 20th, 1935.



Figure 2: The 1929 (top) and 1932 (bottom) issues of Gasoline Tax stamps.

The 1935 audit report, as reproduced below, along with the 1932/33 and 1933/34 entries noted above, provide evidence as to the production of the gasoline stamps and the status of the stamp illustrated below in Figure 3. This 6-cent stamp is not surcharged, does not bear the words "gasoline tax" and has a red, horizontal line deleting the "luxury tax" inscription.



Figure 3.

The 1935 audit report provides the following data:

Gasoline Tax Stamps on Hand February 21st, 1935				
Denomination	Reserve Stock (surcharged)	Reserve Stock (unsurcharged)	Forward Stock (surcharged)	Totals
.05	5,000	-	2,944	7,944
.06	-	10,400	491	10,891
.25	8,000	100	4,686	12,786
.30	-	-	373	373
1.50	-	-	80	80
3.00	-	-	5	5

[18]

Some observations regarding the above quantities are as follows:

- ① There is no provision for “*unsurcharged*” 1-cent Luxury Tax stamps which were used to produce the 5 and 6-cent stamps given in Figure 2.
- ② The 1.3 million in surplus 6-cent Luxury Tax stamps still held by the government in 1926 (see *CRN* N^o18) are not listed.
- ③ Stocks of “*unsurcharged*” 6 and 25-cent Gasoline Tax stamps are listed.
- ④ No stocks of unsurcharged \$1.50 and \$3.00 stamps are listed.

The implications of these observations are:

- ① The \$1.50 and \$3.00 Transfer stamps were shifted to the Gasoline Tax stock only as they were required and after they had been over-printed.
- ② The Luxury Tax stamps were kept elsewhere as a separate stock and were transferred and handstamped as Gasoline Tax stamps whenever supplies of the latter were required.
- ③ An “*unsurcharged*” 6-cent stamp had been classified as a Gasoline Tax stamp as opposed to a Luxury Tax stamp.
- ④ An “*unsurcharged*” 25-cent stamp had been classified as a Gasoline Tax stamp.

Standard accounting procedures would have required that the “*unsurcharged*” 6 and 25-cent gasoline stamps be exactly as they are listed as being. With respect to the 6-cent value this probably means that the listed stamp would have been the item illustrated in Figure 3.

As for the “*unsurcharged*” 25-cent Gasoline Tax stamp, a likely candidate would be a sample sheet of the 25-cent Betting Tax essay illustrated below in Figure 4 and discussed in a previous article by the Author (see *CRN* N^o23, pp. 6-8.) Another candidate would be the vertical 25-cent Transfer Tax stamp illustrated in Figure 5. However, the Controller of Revenue's Annual Reports for 1927/28 through 1933/34 as well as the 1935 audit report clearly show that this Transfer Tax stamp had not yet been issued. However, like the Betting Tax essay, a sample sheet of the 25-cent Transfer Tax stamp may have been placed in the stock of Gasoline Tax stamps, but this seems unlikely in view of its intended use for a still current tax. In any event, the design of the “*unsurcharged*” 25-cent Gasoline Tax stamp remains unknown.



Figure 4.



Figure 5.

Stamps Used Only by Treasury Officers

One item that is not explicit in any document found thus far is whether the use of the gasoline stamps was the exclusive province of Treasury Department's Controller of Revenue or was shared with the Highways Department. However, the notation at the end of the account of the Penn Canadian Oil Company would imply that the Highways Department relied upon the Treasury Department to place and coordinate the inspectors required for the use of stamps. Further evidence indicates that the Highways Department continued to rely upon periodic payments against accumulated arrears and left the use of stamps to the Controller of Revenue.

The first of this evidence consists of responses given by the Minister of Highways to questions asked in the Legislative Assembly:

March 7th, 1932:

Q: *How many retail gasoline vendors are at present in arrears in paying the Gasoline Tax to the Government.*

A: *Twenty-four.*

Q: *What is the total of these arrears.*

A: *\$32,262.84*

Q: *How long have these arrears been standing.*

A: *One to seven months.*

Q: *What steps have been taken to collect these arrears.*

A: *Six are in the hands of the Comptroller of Revenue, all others are making periodical payments off [sic] arrears.* [19]

March 6th, 1933:

Q: *How many retail gasoline vendors are at present in arrears in paying the Gasoline Tax to the Government.*

A: *Vendors, 16.*

Q: *What is the total of these arrears.*

A: *Total, \$41,487.90*

Q: *How long have these arrears been standing.*

A: *From two months to one year.*

Q: *What steps have been taken to collect these arrears.*

A: *—Four covered by bond.....\$12,632.92
Two in bankruptcy, estates not settled. Bonding Company will pay balance owing.*

—Seven satisfactory arrangements have been made to pay this amount off..... 26,707.04

The agreements of these dealers have been cancelled and they are now buying gasoline 'tax paid.' This amount being reduced monthly.

—Four in dispute..... 1,219.11

—One—Controller of Revenue..... 928.83 [20]

Correlating with the 1932 response of the Minister of Highways is a detailed breakdown of the revenue and expenditure of each of the inspectors employed by the Controller of Revenue as given in his 1931/32 report. This statement indicates that thirteen out of the twenty-seven inspectors had affixed and/or sold Gasoline Tax stamps during the period of November 1st, 1931, through October 31st 1932. Of these thirteen inspectors, three had performed no duties other than the collection of the Gasoline Tax by way of the stamps.[21]

The only recorded exception in the 1927/28 to 1933/34 period to the exclusive use of the gasoline tax stamps by the Controller of Revenue occurred in the year 1932/33.[22] His report for that year noted:

<i>Gasoline Tax Stamps Sold</i>	
<i>James H. Robinson, Auditor, Highways Dept.</i>	<i>\$ 11.88</i>
<i>A. Stevenson, Inspector</i>	<i><u>1,695.64</u></i>
	<i><u>\$1,707.52</u></i> [22]

The specific mention of this exception lends strong support to the assertion that the Controller had sole jurisdiction over, and use of, the gasoline stamps. Had the situation been otherwise then the small quantity of stamps sold by the Highways Department would not have been recorded in the Controller's financial statement.

Significant Quantities of the Gasoline Tax Stamps Were Used

Contrary to reports appearing in the past in other philatelic publications, many thousands of the 3 through 30-cent Gasoline Tax stamps were produced and used. The assertion with respect to the usage is based on the total value of stamps affixed or sold by inspectors. These figures are given by the single entry quoted previously from the 1927/28 Gasoline Tax ledger and by the *Annual Reports of*

the Controller of Revenue. The pertinent data and its implications are as follows:

August 6th, 1928 to October 31st, 1928 — Value of stamps: \$781.20 [23]
 Approximate Number of Stamps Used:
 if all were 3-cent if all were 15-cent if equal number of 3 and 15-cent
 26,000 5,200 4,300 of each

November 1st, 1928, to October 31st, 1929 [24]
 Unable to determine as the report does not differentiate between gasoline stamps and stock transfer stamps affixed by inspectors, total was \$3,415.22

November 1st, 1929, to October 31st, 1930 [25]
 Unable to determine as the report does not differentiate between gasoline stamps and stock transfer stamps affixed by inspectors, total was \$1,148.90

November 1st, 1930, to October 31st, 1931 — Value of stamps: \$659.10 [26]
 Approximate Number of Stamps Used:
 if all were 5-cent if all were 25-cent if equal number of 5 and 25-cent
 13,200 2,600 2,200 of each

November 1st, 1931, to October 31st, 1932 — Value of stamps: \$2097.84 [27]
 Five months of the year at 5 cents per gallon: $5/12 \times \$2097.84 = \874.10
 Approximate Number of Stamps Used:
 if all were 5-cent if all were 25-cent if equal number of 5 and 25-cent
 17,600 3,500 2,900 of each
 Seven months of the year at 6 cents per gallon: $7/12 \times \$2097.84 = \1223.74
 Approximate Number of Stamps Used:
 if all were 6-cent if all were 30-cent if equal number of 6 and 30-cent
 20,400 4,100 3,400 of each

November 1st, 1932, to October 31st, 1933 — Value of stamps: \$1707.52 [28]
 Deduction for \$1.50 stamps produced during the year: \$75.00
 Net Value: \$1632.52
 Approximate Number of Stamps Used:
 if all were 6-cent if all were 30-cent if equal number of 6 and 30-cent
 27,200 5,400 4,500 of each

November 1st, 1933, to October 31st, 1934 — Value of stamps: \$4562.90 [29]
 Deduction for \$1.50 stamps produced during the year: \$525.00 Net Value: \$4007.90
 Approximate Number of Stamps Used:
 if all were 6-cent if all were 30-cent if equal number of 6 and 30-cent
 66,800 13,400 11,100 of each

It must be emphasized that the above calculations are **very approximate** and do not make any allowance for the usage of \$1.50 and \$3.00 stamps where the quantities produced of these values are not specified in the Controller's Reports.

Previous assertions that only a very small number of the 5, 6, 25, and 30-cent Gasoline Tax stamps were prepared and used are undoubtedly based on the very small quantities of these stamps currently known to collectors. However, it has been amply demonstrated that many thousands of these stamps were indeed prepared and used. This raises the question as what has become of these thousands of missing Gasoline Tax stamps.

The answer to this question can only be speculated. It is possible that the Controller of Revenue 'mis-spoke' when he commented in his January 1934 letter that: *"a receipt is given to every purchaser of gasoline and that the necessary Gasoline Stamps are placed on the said receipt."*[6] Instead, the true procedure may have been to place the stamps on a duplicate receipt that was retained by the vendor or inspector for record and audit purposes. This retention of the stamped receipts by vendors or inspectors would account for the present scarcity of used stamps and why all known used examples of the 3 and 15-cent denominations bear the cancel of the same service station on Bay Street in Toronto (see Figure 6).



Figure 6: A block of four of the 3¢ Gasoline Tax overprint on the 40¢ Law stamp, cancelled by a rubber stamp impression that reads in three lines: "Kallen's Service Station / 1276 Bay Street / Phone RAN 6611."

The End of the Gasoline Tax Stamps

The demise of the Gasoline Tax stamps began in April/May of 1934 with the implementation of the Gasoline Handling Act and Regulations. The Statute ordained that:

No person may sell gasoline in Ontario for use in motor vehicles unless licensed so to do by the Department [of Highways] but for which license no fee shall be payable.

The Department, with the approval of the Minister, may refuse to grant a license to any person and may revoke or suspend any license issued by it under this Act.[30]

The Regulations issued under the Act required the following:

Any person or persons selling gasoline in Ontario for use in Motor Vehicles shall apply for a license so to do on a special application form to be supplied by the Department of Highways, Parliament Buildings, Toronto, within thirty (30) days from the date of the 'Gasoline Handling Act, 1934' becoming effective.

The Minister may, upon receipt of the application mentioned in Paragraph 1, grant a license authorizing the licensee to sell gasoline for use in Motor Vehicles in the Province of Ontario. This license may be cancelled or revoked without notice by the Minister for cause.

Any person or persons licensed under the authority of this Act for the sale of gasoline in Ontario shall complete returns required and forward to the Department of Highways, Toronto, not later than ten (10) days following the end of the month covered by this return. Licensees must show original place of shipment of gasoline, with the date shipped; method of transportation (i.e. tank car, tank wagon or tanker) and date of receipt. Particulars must also be given of persons purchasing gasoline from the said licensee for resale in such form as the Department may require.[31]

In 1936, fire and other safety requirements were added to this Act.[32]

The initial intent of the Gasoline Handling Act was to enforce the collection of the Gasoline Tax. This is revealed in a 1943 report which, in part, read:

To give the Department some authority for administering the Gasoline Tax Act, it was decided prior to 1934 that other legislation must be passed. Therefore the Gasoline Handling Act was passed. This legislation gives the Minister of Highways permission to license all persons selling gasoline. The Minister also has the right, under this Act, to cancel licenses and when they are so cancelled, of course, no gasoline can be sold. The main purpose behind the Gasoline Tax Act and the Gasoline Handling Act is to collect the tax on gasoline. . . . The main object of these regulations is to ensure safety in handling gasoline, both as to the transportation and the storage. It must be borne in mind that the main purpose of the Department in this connection is to collect gasoline tax, not to enforce the regulations for other than this purpose. In my opinion, it would seem that

most of these regulations should come under the Fire Marshal's Office or the Highway Traffic Act.[12]

The second development leading to the end of the stamps occurred in 1935 when, as of March 1st, the number of agent responsible for collecting the tax was reduced from 151 to 58. This reduction was achieved by the revocation of most of the collection agreements held by distributors, non-oil companies, and individual service stations. Thereafter, the collection of the tax was limited primarily to gasoline manufacturers.[33]

It is not known when the use of the Gasoline Tax stamps ended. All references to them were deleted in new regulations approved by Order in Council on April 26th, 1937, however, these new regulations were actually composed and/or submitted for approval on June 22nd, 1936.[34] Given the legislative and procedural changes described previously, it is likely that the stamps were not required for some months before June of 1936, following approximately six to seven years of use.

APPENDIX

Reconciliation of Stocks of Ontario Law Stamps with Purchases and Sales thereof, for the Period of July 4th, 1921, through January 31st, 1926.

Denomination	5 cent	10 cent	20 cent	30 cent	40 cent	50 cent	60 cent	70 cent	80 cent
Stock on Hand July 4th, 1921	22980	74512	20883	21026	8703	113011	8506	15995	19539
Added to Stock During 1921-26	none	270000	55000	60000	10000	100000	5000	none	none
Distributed During 1921-26	9952	272785	35698	45015	8966	162801	5628	1579	979
Issued in Exchange	50	261	57	53	50	176	50	50	50
Stock on Hand Jan 31st, 1926	12959	71212	40065	35827	9687	50052	7726	14367	18512
Over/Short	-19	-254	-61	-131	0	+18	-102	+1	+2

Denomination	90 cent	1 dollar	2 dollar	3 dollar	4 dollar	5 dollar	10 dollar	20 dollar	50 dollar
Stock on Hand July 4th, 1921	76845	78186	18801	13271	3929	8688	3476	5614	5189
Added to Stock During 1921-26	none	150000	80000	55000	40000	40000	30000	10000	10000
Distributed During 1921-26	798	156711	78054	48436	28169	29704	19992	5155	5102
Issued in Exchange	50	188	130	54	133	62	60	50	50
Stock on Hand Jan 31st, 1926	75997	71269	21094	19781	15653	18899	13394	10406	10045
Over/Short	0	-18	+477	0	+26	-23	-30	-3	+8

(Source: McFadyen, H.H., "Treasury Department Revenue — Law Stamps Audit Report From July 4th 1921 to January 31st 1926," Archives of Ontario, Records of the Ministry of Finance, RG 6 - 16, Deputy Minister's Subject Files, Box 1, File "Audits—Treasury Branches")

Transcript of Accounts Between the Penn Canadian Oil Company and the Department of Highways with Respect to the Gasoline Tax

Date	Period covered by payment	Remarks	Returns as per affidavit	Total Gallons of Gas	Total amount of Tax	Total Amount of Rebate	Agent's Commission	Amount of Tax Due	Amount of Tax Paid	Balance
Fiscal Years 1924/25 and 1925/26: Not an agent.										
Fiscal Year 1926/27										
Jul 7 [1927]	May 1-31st [1927]		205.78	7040	211.20	0.15	5.27	205.78		205.78
"	"								205.78	
Fiscal Year 1927/28										
Feb 29 [1928]	June 1-30 [1927]		423.10	14465	433.95		10.85	432.10		432.10
"	July 1-31 [1927]		542.29	18540	556.20		13.91	542.29		965.39
"	Aug 1-31 [1927]		939.42	34576	1037.28	73.77	24.09	939.42		1904.81
"	Sept 1-30 [1927]		938.81	32096	962.88		24.07	938.81		2843.62
"	Oct 1-31 [1927]		949.05	32446	973.38		24.30	949.05		3792.67
"	"								1200.00	2592.67
May 18 [1928]	Nov 1-30 [1927]		1022.52	34958	1048.74		26.22	1022.52		3615.19
"	Dec 1-31 [1927]		1149.12	39536	1186.08	7.50	29.46	1149.12		4764.31
"	Jan 1-31 [1928]		869.86	29738½	892.16		22.30	869.86		5634.17
"	Feb 1-29 [1928]		1201.06	41062	1231.86		30.80	1201.06		6835.23
"	Mar 1-31 [1928]		1226.19	42171	1265.13	7.50	31.44	1226.19		8061.42
"	Apr 1-30 [1928]		1217.65	41629	1248.87		31.22	1217.65		9279.07
May 31 [1928]	"								2500.00	6779.07
July 31 [1928]	"								1000.00	5779.07
Aug 9 [1928]	May 1-31 [1928]		1618.46	55362	1660.86	0.90	41.50	1618.46		7397.53
"	Jun 1-30 [1928]		1650.86	59308½	1779.26	86.07	42.33	1650.86		9048.39
"	Jul 1-31 [1928]		1459.96	49913	1497.39		37.43	1459.96		10508.35
Aug 17 [1928]	Aug 1-4 [1928]		227.56	7780	233.40		5.84	227.56		10735.91
"		Correction made in Audit	97.99	3350	100.50		2.51	97.99		10833.90
Totals				536931	16107.94	175.74	398.30	15533.90	4700.00	10833.90

“See revenue collected by ‘Treasury Dept’ for sale of stamps. October 1928 for 721.20”

(Source: Gasoline Tax Ledger, Archives of Ontario, Records of the Ministry of Revenue, RG 26 – 15, Unprocessed Material, Accession 6871, Item 3, 1926/27, Agreement 191, Account 108, 1927/28, Agreement 191, Account 117)

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