



CANADIAN REVENUE NEWSLETTER

A Publication of the Canadian Revenue Study Group of BNAPS — ISSN 1488-5255

June 2001

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Number 36

SUPPORT THE DEALERS WHO SUPPORT US

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

☛ **Gordon Brooks**, P.O. Box 396, Station N.D.G., Montreal, Québec, Canada H4A 3P7

☛ **Jim A. Hennok Auctions**, 185 Queen Street E., Toronto Ontario, Canada N5A 1S2

☛ **Robert Lee**, 203 — 1139 Sutherland Avenue, Kelowna B.C., Canada V1Y 5Y2

☛ **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

REVENUE GROUP MEETING IN OTTAWA

Please be advised that the meeting of the Revenue Study Group at BNAPEX 2001 in Ottawa will be held on Friday, August 31st from 1:00 to 2:30 pm. **Attendees are encouraged to bring something interesting to share with their fellow Revenuers.**

MEMBERS SUPPORT

The Revenue Study Group would like to thank the following members for their donations in support of the *Newsletter*:

**John Harper, Gus Quattrocchi,
Raymond Russo and Vic Willson.**

MEMBERSHIP NOTES

Resigned:

☛ **James Lehr**, Kennett Square, Pennsylvania

OFFICERS OF THE REVENUE STUDY GROUP

☛ **Chairman and Treasurer:**

Fritz Angst, W2200 First National Bank Building, 332 Minnesota Street, St. Paul, Minnesota, U.S.A., 55101.

☛ **Newsletter Editor:**

Chris Ryan, 569 Jane Street, Toronto, Ontario, Canada, M6S 4A3.

WANTED

Fellow collectors to exchange or sell revenue stamps. I am looking for: **Liquor stamps**
Unemployment Insurance stamps
(mint, o.g.: FU31S, 35*, 35S, 105S),
Quebec Law & Registration (mint, o.g.) stamps.

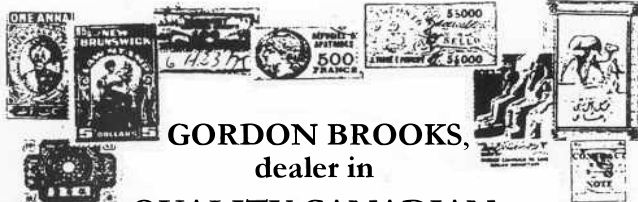
Raymond Russo

138 Boul. Des Prairies, Laval QC, Canada H7N 2T5
Tel: (450) 667 2777 Fax: (450) 667 2912

MOVED? MOVING?

PLEASE SEND YOUR NEW ADDRESS
TO THE EDITOR.

THE NEWSLETTER NEEDS
YOUR INPUT, YOUR ARTICLES
AND INTERESTING TIDBITS



GORDON BROOKS,
dealer in
**QUALITY CANADIAN
AND FOREIGN REVENUES**

Please note my NEW phone number: (514) 722-3077
(New Fax: T.B.A.; old number no longer in service.)
P.O. Box 396, Station N.D.G., Montreal, Québec,
CANADA H4A 3P7

#1 source for

Canadian Revenue stamps
Telephone & Telegraph Franks
Ducks and Wildlife Conservation stamps
Canadian semi official air mail stamps & covers
bought and sold since 1970
Comprehensive price lists on request
or visit our large website.

E. S. J. van Dam Ltd

P.O. Box 300, Bridgenorth, Ont., Canada K0L 1H0
Phone (705) 292 – 7013 fax (705) 292 – 6311
Email: esvandam@esjvandam.com
website: www.esjvandam.com

A SPECTACULAR QUEBEC REGISTRATION DOCUMENT

Fritz Angst

Illustrated opposite is the first page of a spectacular Quebec item, recently acquired from **Hank Narbonne** of Greenwood Stamp Company. The document is a "*Memorial of a Trust Deed of Hypothec Mortgage and Pledge*," dated April 2nd, 1931. The trust deed had been granted by the Gatineau Power Company in favor of the Royal Trust Company to secure the payment of \$250,000,000 together with interest thereon at the rate of 8% per annum plus an additional sum of \$25,000,000. The purpose of the document was to memorialize in the real estate records the existence of this deed, originally executed August 26th, 1926.

A trust deed is security device by which real estate serves as collateral for a loan in place of a regular mortgage. The deed is issued in the name of the lender and is given to a third-party trustee to hold in

the event of nonpayment of the loan by the borrower. This security device allows for a more rapid transfer of the property than would occur with a standard foreclosure on a mortgage.

The \$2750.40 registration 'fee' on the memorial of the trust deed was paid by twenty copies of the \$100 Quebec registration stamp (van Dam's QR28), fifteen copies of the \$50 stamp (van Dam's QR27) and two copies of the 20-cent value (van Dam's QR19). The illustrated page bears the twenty copies of the \$100 stamp and eight copies of the \$50 stamp. The remaining stamps are affixed to the back of the first page. All of the stamps are cancelled in manuscript with the date of '4 Avril 1931' and the signature of the Registrar. The stamps were required as a condition to the filing of the memorial in the Registry Office of the County of L'Assomption

UNUSUAL MATCH-TAX ITEMS

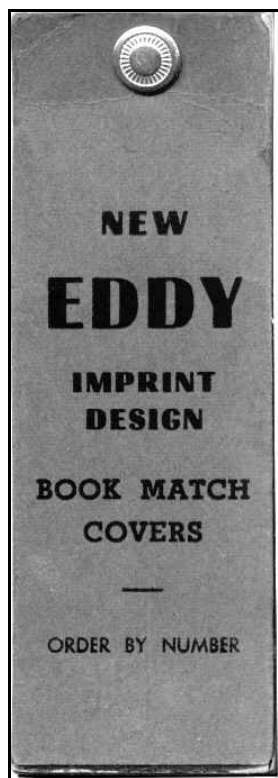
— Part 2 —

Christopher D. Ryan

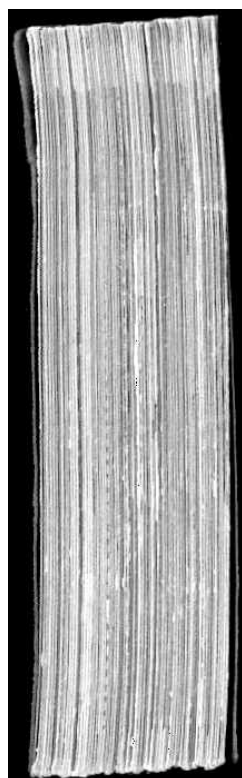
Illustrated below on the left are top and side views of a sales-sampler from the Eddy Match Company (*Cie. D'Allumettes Eddy Ltée.*). The sampler contains sixty-four unfolded sample Eddy matchbook covers, all of the 20-count size. The covers are held together by a metal screw-post, which pierces each item in the area where the absent striking surface would have been located.

Each cover is overprinted in black or silver with the two-line inscription 'DESIGN / No.', followed by an identification number.

Designs 66 through 111 and 126 through 129 (a total of 50) are in the English language with a 1/5-cent 'Excise Tax Paid' mark. Designs 112 through 125 (a total of 14) are in the French language with a 1/5-cent '*Taxe D'Accise Payée*' mark. An example of each language variety is illustrated below on the right. The 1/5-cent tax-paid marks date the sampler to the period of 1940-1949. The absence of any covers with patriotic themes strongly suggests a post-1945 date.



Front view of sampler.



Side view of sampler



Sample cover with
1/5¢ 'Excise Tax Paid'



Sample cover with
1/5¢ '*Taxe D'Accise Payée*'



BUREAU D'ENREGISTREMENT DU COMTE DE L'ASSOMPTION.

*Je certifie, que le présent document a été enregistré au long
à ce bureau, Regs Vol; 1 folio 6 No. 3
Six heures a.m. le quatre Avril mil neuf cent trente-un.
W. D. M. and H. M. Marler*

B E F O R E Mtre. GEORGE CARLYLE MARLER the undersigned
Public Notary for the Province of Quebec
practising at the City of Montreal,

A P P E A R E D :

GATINEAU POWER COMPANY a corpor-
ation having its head office at the City of Montreal
in the Province of Quebec herein acting and represented
by ROY CAMPBELL of the City of Montreal one of its As-
sistant Secretaries and hereunto duly authorized in
virtue of a Resolution of its Board of Directors passed
at a Meeting thereof duly called and held on the Thir-
ty-first day of March Nineteen hundred and thirty-one,
The said Gatineau Power Company being here-
inafter called "the Company"

PARTY OF THE FIRST PART:

A N D :

THE ROYAL TRUST COMPANY a company
duly incorporated under special act of the Legislature
of the Province of Quebec having its head office at
the City of Montreal herein acting and represented by
ROBERT P. JELLETT its General Manager and GEORGE G.W.
GODDWIN its Assistant Secretary, both of the City of
Montreal and hereunto duly authorized as they declare,
The said The Royal Trust Company being here-
inafter called "the Trustee"

PARTY OF THE SECOND PART:

W H O requested the Registrar for the Registra-
tion Division of the County of L'Assomption to register
this Memorial of a Trust Deed of Hypothec Mortgage and
Pledge executed before H.B. McLean Notary on the Twen-
ty-sixth day of August Nineteen hundred and twenty-six
made

W. DE M. AND H. M. MARLER, NOTAIRES MONTREAL

**CANADA'S CUSTOMS DUTY AND WAR EXCHANGE TAX
ON PERIODICAL PUBLICATIONS AND PRINTED ADVERTISING MATTER**

— Part 2: Printed Advertising Matter from the United States of America —

Christopher D. Ryan

It was not until early-1915 that the United States Post Office gave permission for the use of Canadian customs duty stamps on American mail. Notice of the permission was sent by Canada Customs to its officers on March 17th, 1915.[22] At the time, American advertising matter was subject to the General Tariff and remained so through December 31st, 1935. In this period, two scales were used to determine the duty payable in stamps. The initial scale, as represented by the covers in Figures 14 to 17, is given at top-left in Table 4 and was in effect from March 1915 through May 1933.[5, 12, 13, 23, 24]

The cover in Figure 14 represents the 1-cent rate for items of 1 ounce or less in effect until September 30th, 1930. This cover is postmarked

July 17th, 1923, and customs date-marked July 20th. It bears a 2-cent postage meter in payment of the letter rate for items of 1 ounce or less. The cover in Figure 15 is postmarked on its back February 19th, 1927, and illustrates the 2-cent rate for items over 1 ounce, up to 2¼ ounces. The 1-cent precancelled postage stamp paid the printed matter rate for items of 2 ounces or less. Figure 16, customs date-marked April 26th, 1926, represents the 3-cent rate for items over 2¼ ounces, up to 3¼ ounces. The 2 cents in permit postage applied to printed matter items over 2 ounces, up to 4 ounces. The 6 cents of duty levied on the cover in Figure 17 applied to items over 5¼ ounces, up to 6½ ounces. This item is customs date-marked October 25th, 1930, and bears 3 cents in

Table 4: Customs Duty and War Exchange Tax on Printed Advertising Matter from the United States of America.

Customs Duty:																																																																																												
Mar 1915 through 24 May 1933	25 May 1933 through 31 Dec 1935	1 Jan 1936 through 31 Dec 1947																																																																																										
Bulk Rate: 15¢ per pound (17 Sep 1930: minimum of 35 % of the value.)	Bulk Rate: 15¢ per pound, with a minimum of 35% of the value.	Bulk Rate: 12½¢ per pound (2 May 1936: minimum of 27½% of the value.)																																																																																										
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1 Jan 1948 through 11 Jan 1949	12 Jan 1949 through 31 Dec 1979	1 Jan 1980 through 15 Feb 1984																																																																																										
Rate: 10¢ per pound, 2¢ if 1 oz. or less, minimum of 25% of the value	Bulk Rate: 10¢ per pound, minimum of 25% of the value	No scales were issued for the progressively reduced rates introduced annually during the 1980s since the stamps had been rendered obsolete during the early 1970s.																																																																																										
Scale for Prepayment via Stamps - Scale not issued until 12 Jan 1949. Surmised interim scale as follows	Scale for Prepayment via Stamps	NOTE: As of January 1 st , 1939, most small pieces of advertising matter from the US were exempt from customs duty. However, during the 1940s an excise tax, the War Exchange Tax, was imposed.																																																																																										
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		Rate: 10% of the value, in addition to the existing customs duty. (Prepayment of the tax by revenue stamps was authorized for advertising matter in Sep 1940.)																																																																																										

NOTE: The commencement dates given in Table 4 are “official” dates as taken from statutes, regulations and budget resolutions. In keeping with Canadian practice, rate changes usually took effect immediately, with little or no advance warning. It would, of course, have taken time for the amendments to have become known to foreign sources of advertising matter. In some instances, a new rate was announced in advance of its start date. These instances include the following: the 2¢ minimum of Oct 1st, 1930; the US exemption of Jan 1st, 1939; the Jan 1936 transfer to the MFN Tariff; the MFN Tariff of Jan 1st, 1948.

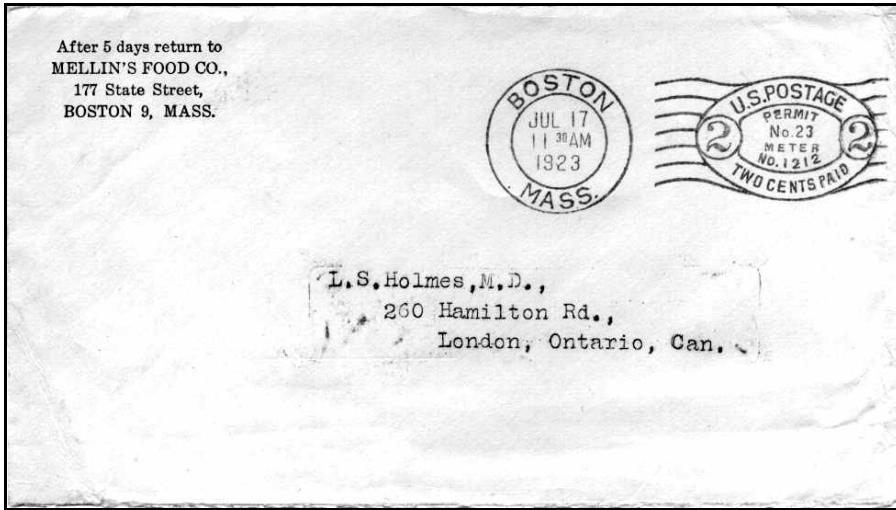
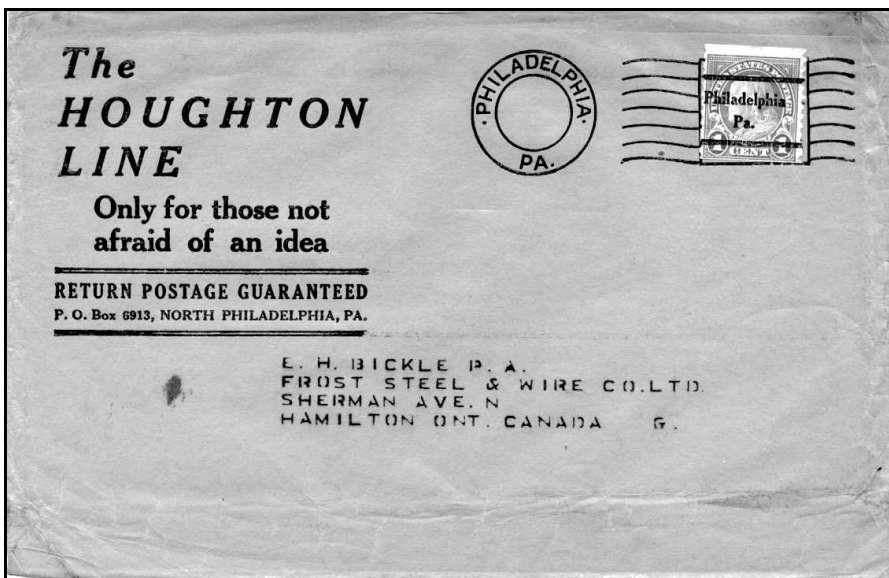


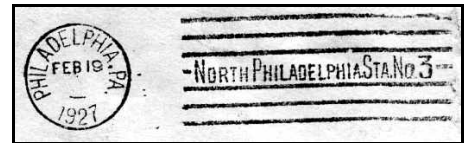
Figure 14: US cover of July 17th, 1923, customs-dated July 20th, representing the 1-cent duty on matter of 1 oz. or less under the General Tariff scale in effect March 1915 through September 1930.



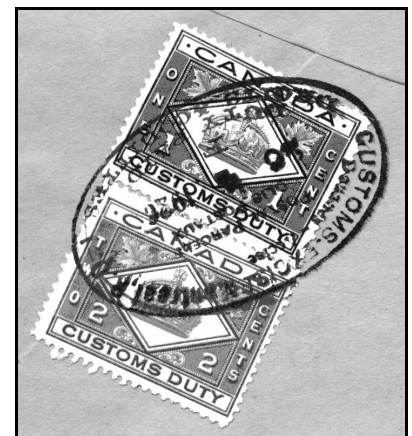
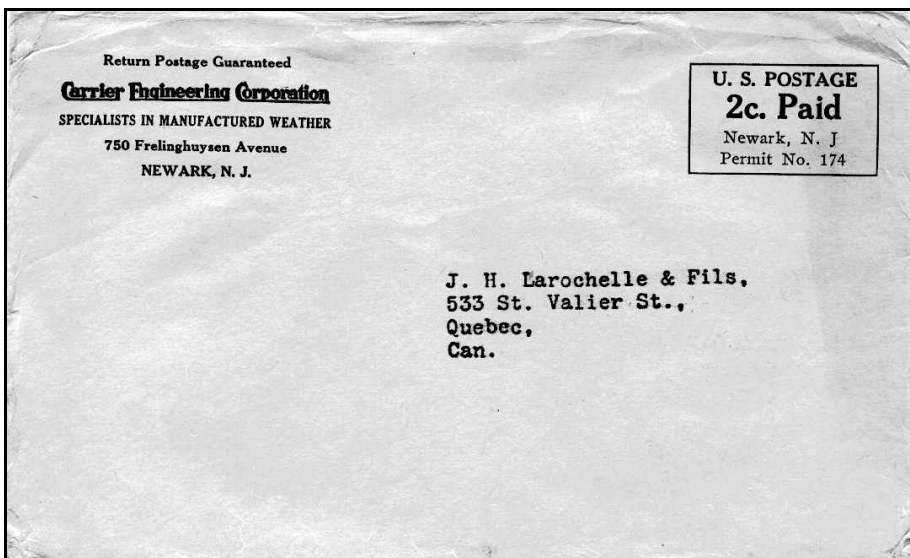
Detail of the stamp affixed to the back of the cover shown in Figure 14.



Detail of the stamp affixed to the back of the cover in Figure 15.



Postmark on the back of the cover in Figure 15.



Detail of the stamps affixed to the back of the cover shown in Figure 16.

Figure 16: US cover, customs-dated April 26th, 1926, representing the 3-cent duty on matter over 2¼ oz., up to 3¼ oz. under the General Tariff scale in effect March 1915 through May 1933.

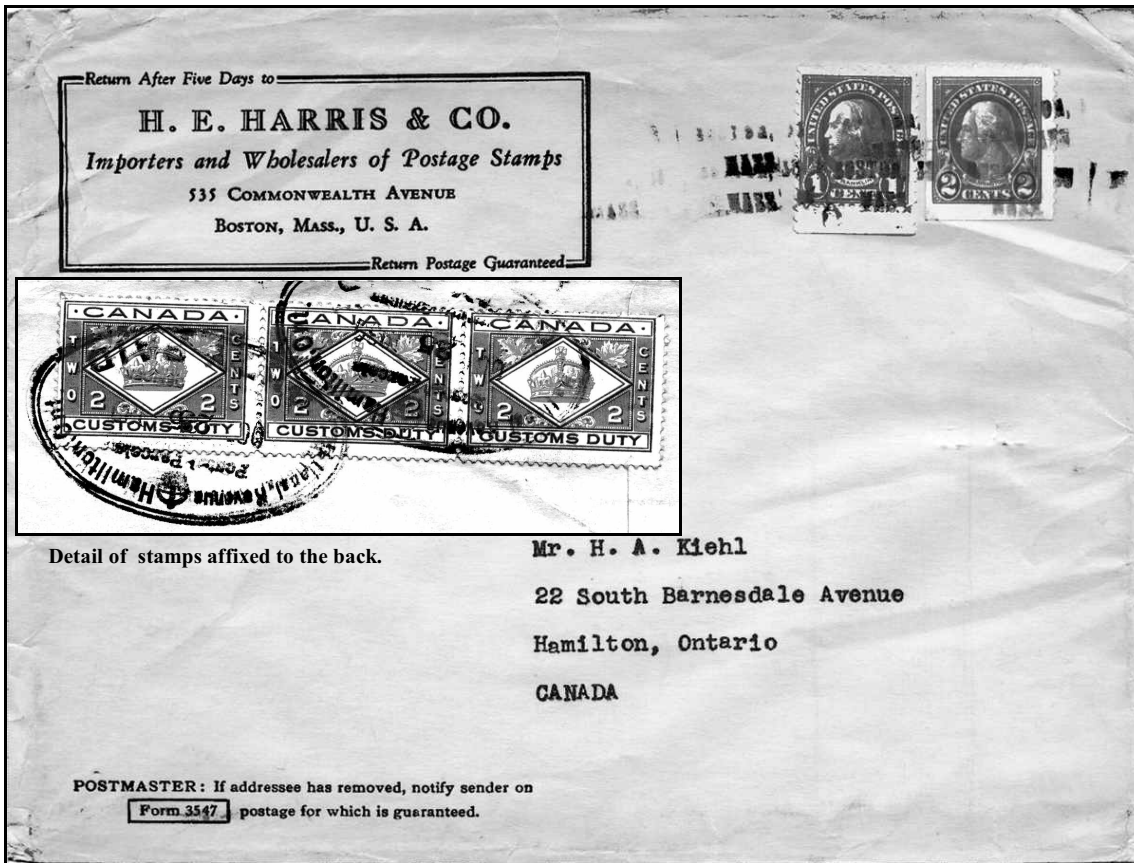
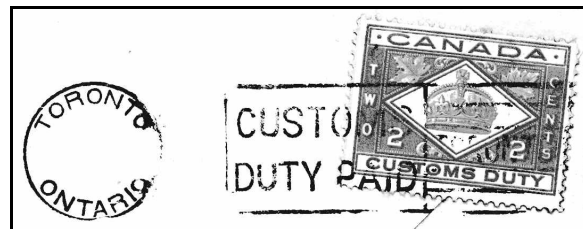


Figure 17: US cover, customs-dated October 25th, 1930, representing the 6-cent duty on matter over 5¼ oz., up to 6½ oz. under the General Tariff scale in effect March 1915 through May 1933.



Detail of the stamp on the back of the cover in Figure 18.

Figure 18: US cover of October 19th, 1931, representing the 2-cent minimum for matter of 1 oz. or less in effect from October 1st, 1930.

postage covering the printed matter rate for items over 4 ounces, up to 6 ounces.

During the period of March 1915 through April 1932, the printed matter postage for mail from the United States to Canada was 1 cent per 2 ounces, or fraction thereof. As of May 1st, 1932, this rate was increased to 1½ cents, where it remained through October 1953. The American letter rate to Canada was 2 cents per ounce prior to November 2nd, 1917, then 3 cents through June 1919. As of July 1st, 1919, this rate was put back to 2 cents, where it remained until September 1st, 1931, at which time the 3-cent rate was reimposed until August 1st, 1958.[44]

The cover of October 19th, 1931, in Figure 18 represents the 2-cent minimum in effect as of October 1st, 1930, for items of 1 ounce or less. This minimum would be in effect for the remaining lifetime of the stamps. This cover was mailed at the 3-cent letter rate for items of 1

ounce or less.

On May 25th, 1933, a new scale was issued for the General Tariff.[13] This scale, as given at top-centre in Table 4, significantly increased the duty payable on items at the low end. Many items previously dutiable at 2 cents now required 4 cents in stamps, items previously at 3 cents now required 5 cents. These increased duties are represented by Figures 19 and 20.

The cover in Figure 19, customs date-marked December 23rd, 1935, illustrates the 4-cent rate for items over 1 ounce, up to 2½ ounces. The 1½ cents in postage paid the printed matter rate for items of 2 ounces or less. The flattened mailing tube in Figure 20, customs date-marked July 23rd, 1934, represents the 5-cent rate for items over 2½ ounces, up to 4 ounces. The precancelled 3-cent postage stamp paid the printed matter rate for items over 2 ounces, up to 4 ounces.

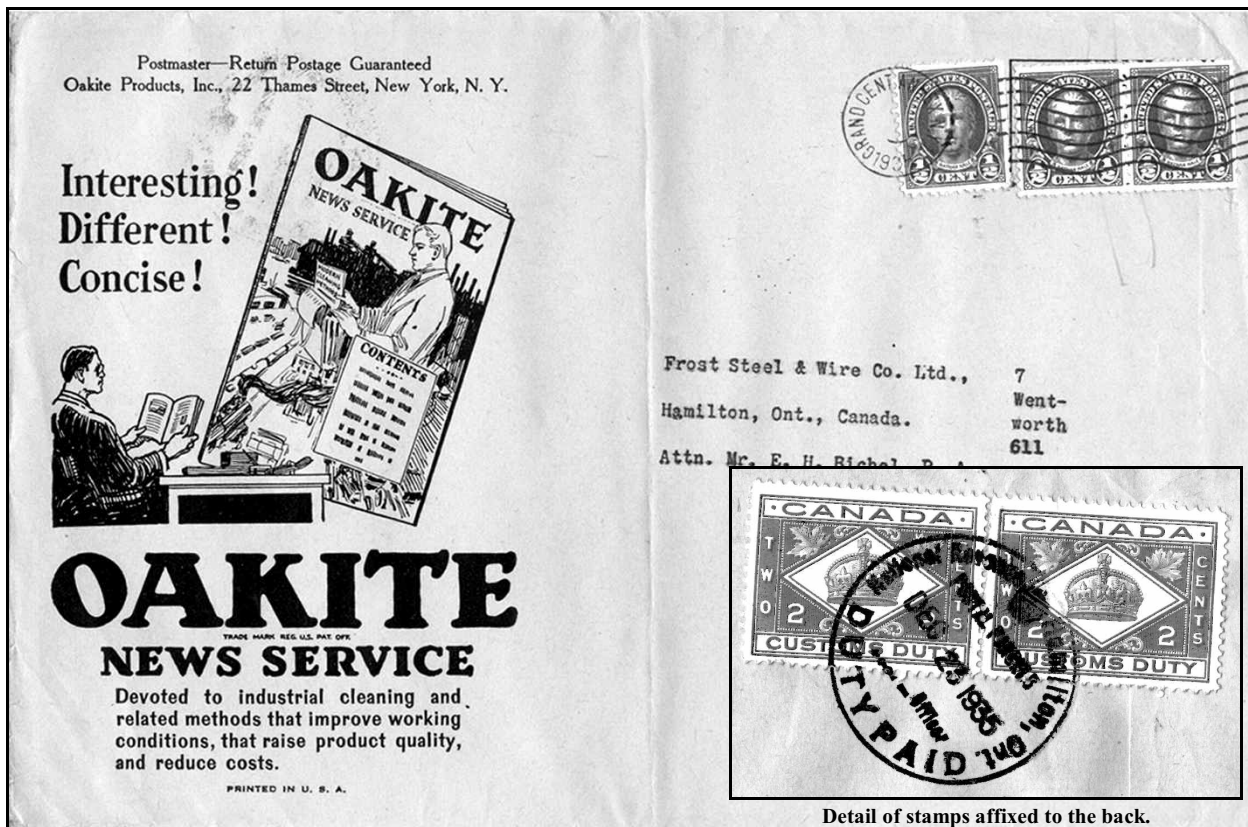


Figure 19: US cover, customs-dated December 23rd, 1935, representing the 4-cent duty on matter over 1 oz., up to 2½ oz. under the General Tariff scale in effect May 1933 through December 1935.

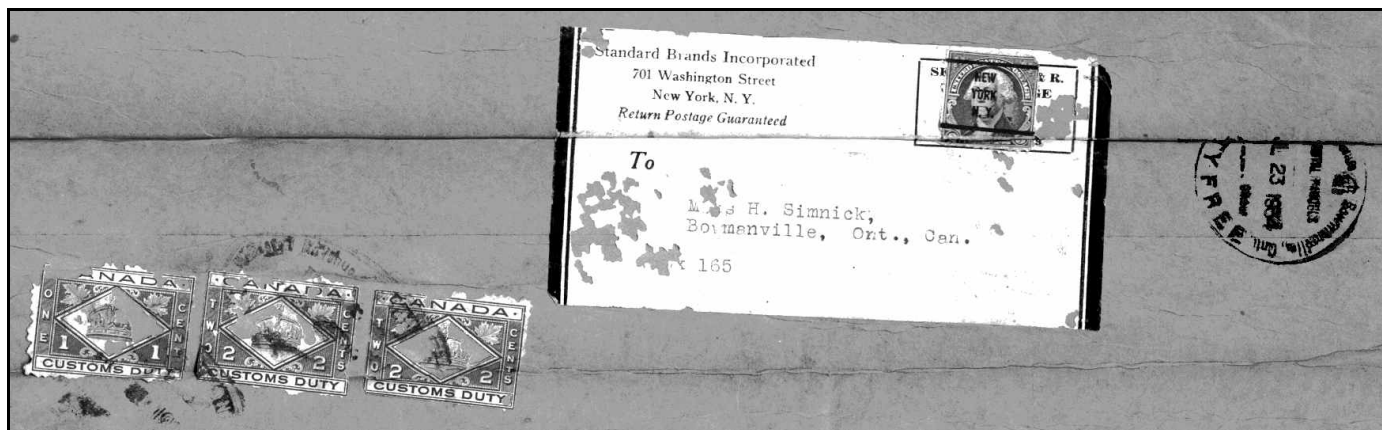


Figure 20: US mailing tube, customs-dated July 23rd, 1934, representing the 5-cent duty on matter over 2½ oz., up to 4 oz. under the General Tariff Scale in effect May 1933 through December 1935.

As a result of a bilateral trade agreement, advertising matter from the United States was moved to the Most-Favoured-Nation (MFN) Tariff effective January 1st, 1936.[46] The new MFN scale is given at top-right in Table 4. With the exception of the 2 cents levied on items of 1 ounce or less, individual rates were reduced by 1 cent for items up to 11 ounces and by 2 cents above that weight.

The item in Figure 21, customs date-marked July 6th, 1938, illustrates the 3-cent MFN rate for items over 1 ounce, up to 2½ ounces, which would have required 4 cents under the General Tariff. The 1½-cent postage stamp paid the printed matter rate for items of 2 ounces or less.

Under a second, 1938 trade agreement, an important exemption was granted as of January 1st, 1939. Now exempt from customs duty were American advertising matter in individual packages valued at \$1 or less and not relating to goods or services sold or provided within Canada. This provision would have greatly reduced the use of the customs

stamps on American advertising matter but for another provision in the agreement that permitted adoption of overriding measures in the event of a war.[39] This permitted the 1940 imposition of a 10% excise tax, the War Exchange Tax (WET), by Canada on all goods, including advertising matter, from the United States and all other countries not falling under the British Preferential (BP) Tariff.

While the 10% WET took effect on June 25th, 1940, it was not until September that provision was made for its prepayment on advertising matter by means of revenue stamps.[47] The regulations governing the use of these stamps were very similar to those already in effect for the customs duty. The significant differences were an absence of a scale based on weight (as would be expected for an ad valorem tax) and the use of ¼ and ½-cent excise tax stamps in addition to the 1, 2, 5 and 10-cent customs duty stamps.

This writer has not yet seen a dated copy of the Customs Memo

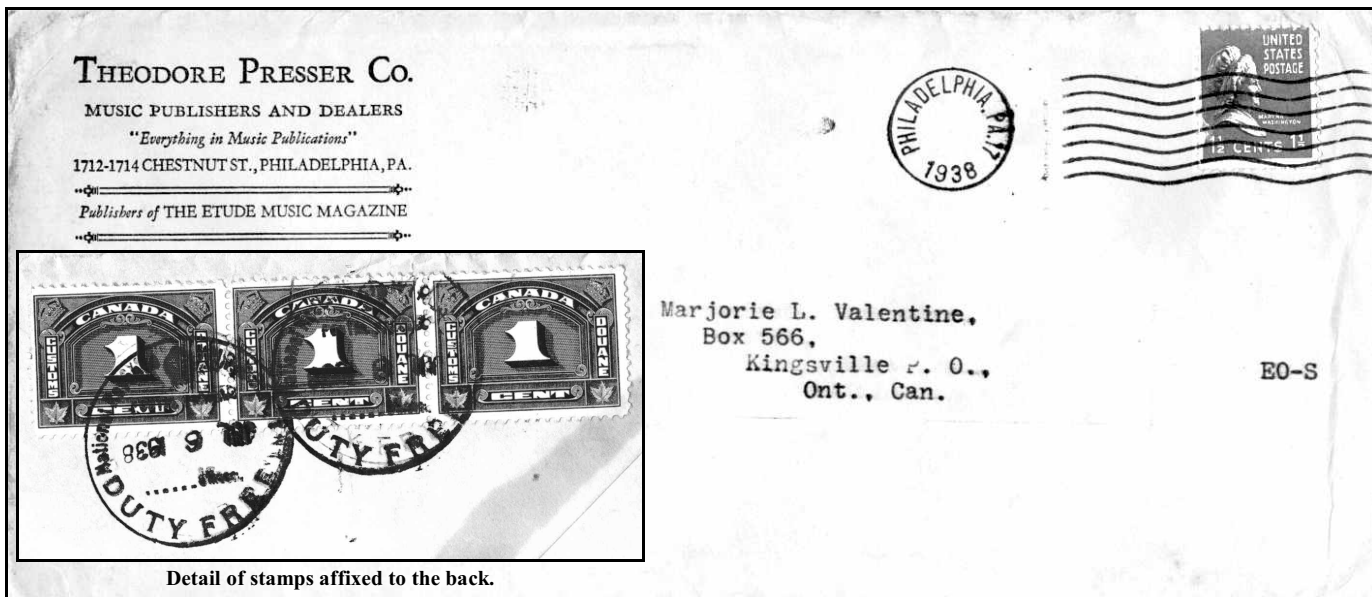


Figure 21: US cover, customs-dated July 6th, 1938, representing the 3-cent duty on matter over 1 oz., up to 2½ oz. under the MFN Tariff scale in effect January 1936 through December 1947 or January 1949.

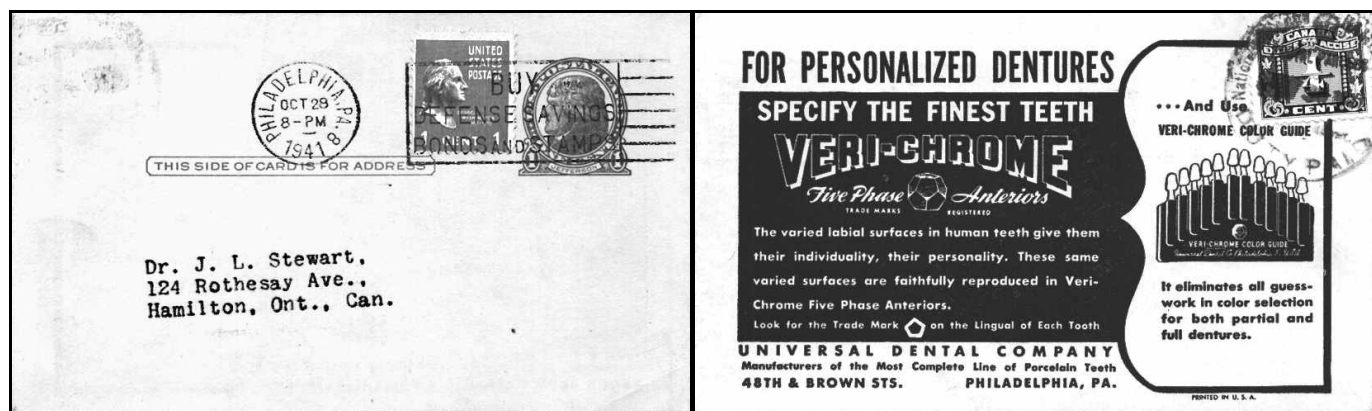


Figure 22: US postcard of October 29th, 1941, representing the 10% War Exchange Tax on advertising matter, June (Sept) 1940 through October 1945.

(D111, revised) that authorized the prepayment scheme for advertising matter, but the complete text was reproduced in the 1941 and 1942 editions of *McGoldrick's Handbook of the Canadian Customs Tariff and Excise Duties*. An issue date of September 16th, 1940, for this Memo is quoted in the April 1941 issue of the *Bulletin of the Canadian Revenue Society* (Vol 4, N^o 2, p. 2), which also paraphrased selected paragraphs.

The WET was an excise tax, levied under the Excise Tax Act; it was not an additional customs duty. The customs revenue stamps were to be used to pay an excise tax, rather than the excise tax stamps paying a customs duty. This situation is clearly stated in a letter of May 27th, 1941, from the Auditor General to the Commissioner of Excise as follows:

Customs stamps used for Excise Tax purposes: To facilitate the payment of 'War Exchange Tax' on periodicals and advertising matter mailed to Canada, regulations were promulgated by the Department, providing that this 'excise tax' might be prepaid by means of Customs Revenue stamps, and in consequence 'Customs Revenue' was erroneously credited with such 'Excise Revenue.' To adjust the matter, an arbitrary transfer of \$92,396.61 for the fiscal year 1940-41 was made from Customs Revenue to Excise Revenue, this amount being equivalent to the receipts in excess of the collections from the sale of Customs Revenue stamps in the previous year.[48]

Examples of the WET as applied to advertising matter are presented in Figures 22 to 24. The advertising postcard in Figure 22 is postmarked October 28th, 1941, and bears a green ¼-cent Three Leaf excise tax stamp in payment of the 10% WET. The 2 cents in postage paid the post card rate to Canada.[44] The cover in Figure 23 is an example of an advertising periodical, which were treated under the Customs Tariff as advertising matter rather than as periodicals. The 1-cent customs duty stamp, customs date-marked April 20th, 1942, paid the 10% WET while the 4½-cent precancelled postage stamp paid the printed matter rate for items over 4 ounces, up to 6 ounces. If this item had also been subject to customs duty, an additional 5 or 6 cents in customs duty stamps would have been required. The large cover in Figure 24, postmarked November 14th, 1941, once contained a catalogue and thus was taxable as advertising matter. The back of the cover bears 1 and 2-cent customs stamps in payment of the 10% WET. The 10½ cents in postage paid the printed matter rate for items over 12 ounces, up to 14 ounces. If this item had also been subject to customs duty, an additional 10 or 11 cents in duty stamps would have been required.

The WET was revoked effective October 13th, 1945.[49] As of that date, American advertising matter was subject to only a customs duty. However, the exemption introduced January 1st, 1939, continued to permit free entry of most small items and thus greatly reduced the use of customs stamps on American mail.

An example of dutiable American advertising matter from the post-1945 period is illustrated in Figure 25. The cover is customs date-

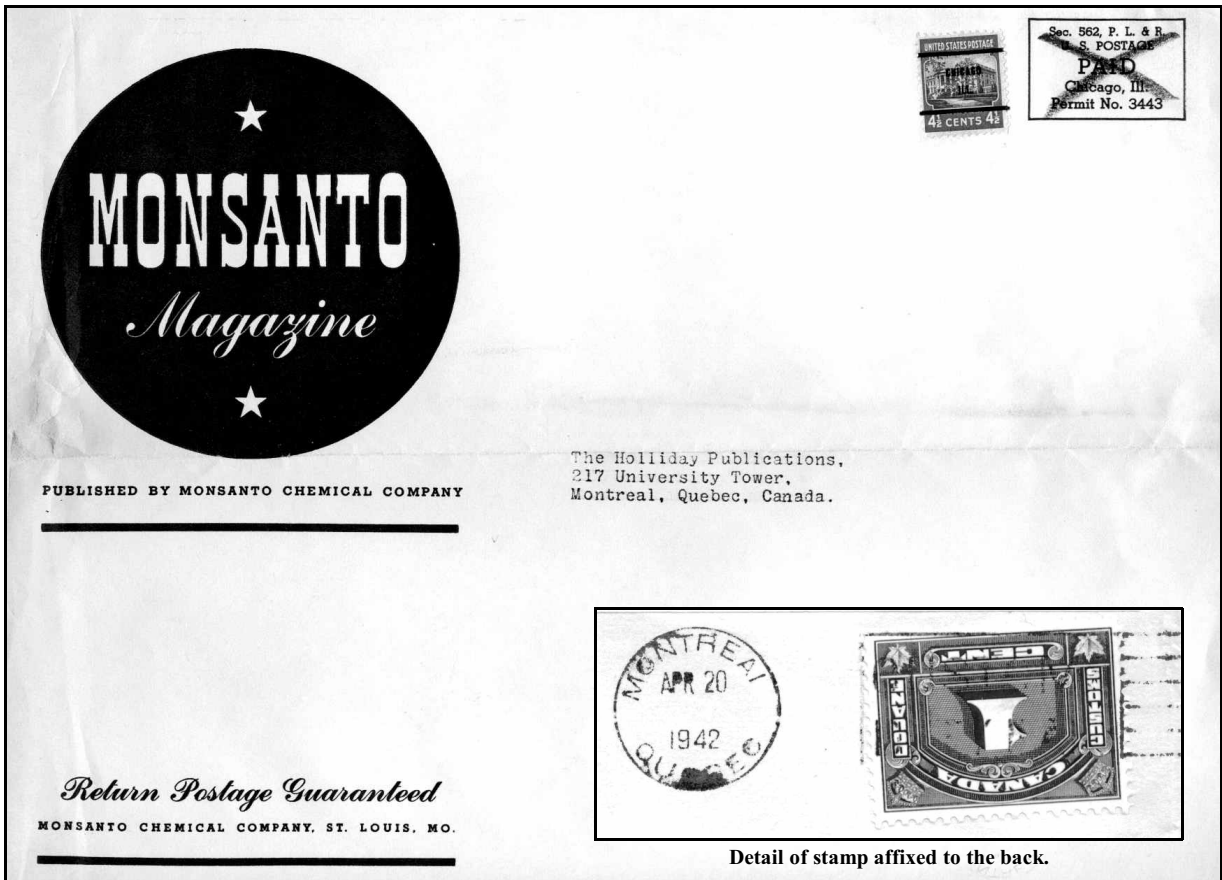


Figure 23: US cover, customs-dated April 20th, 1942, representing the 10% WET on advertising matter, June (Sept) 1940 - Oct 1945.

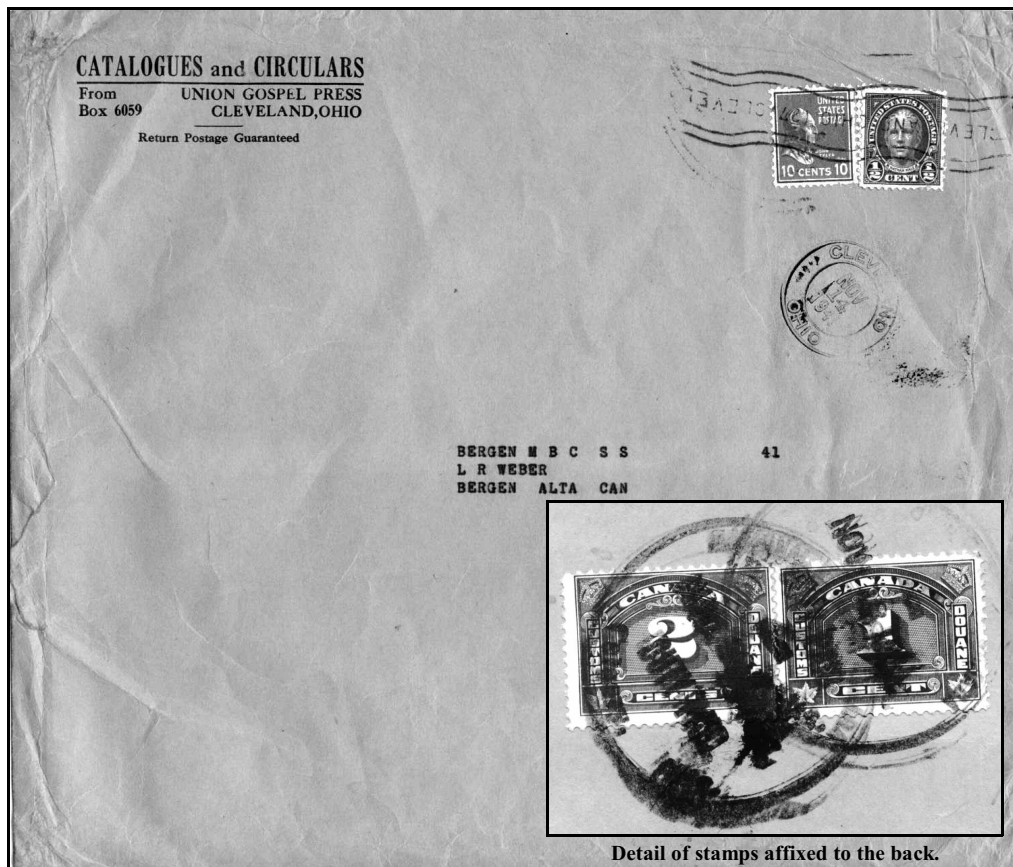


Figure 24: US cover of November 14th, 1941, representing the 10% WET on adv. matter, Jn (Sp) 1940 - Oc 1945.



Figure 25a: US cover, customs date-marked October 3rd, 1961, representing the minimum 2-cent duty on matter of 1 oz. or less in effect from October 1st, 1930, through February 15th, 1984.

marked October 3rd, 1961, and represents the 2-cent rate for items of 1 ounce or less in effect since October 1st, 1930. The 3-cent postage meter paid the printed matter rate for items of 2 ounces or less.[44] Contained within the cover were a form-letter (illustrated) and a coupon (not illustrated) that promoted the 'Chock full o' Nuts' brand of instant coffee. These papers mention a Canadian source for the coffee and therefore were subject to duty.

A second item from the post-1945 period is shown in Figure 26. This wrapper of July 30th, 1962, customs date-marked August 3rd(?), represents the 3-cent rate for items over 1 ounce, up to 3 ounces as per the new MFN Tariff scale introduced January 1949 and in effect through 1979. (See bottom-centre of Table 4.) The 3-cent postage meter paid the 3-cent printed matter rate for items of 2 ounces or less.

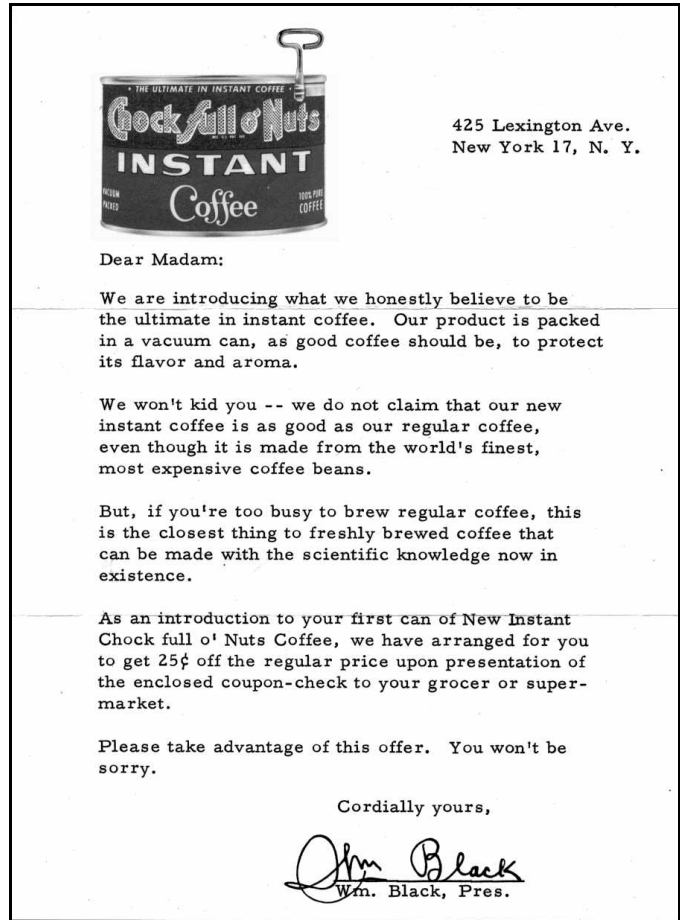


Figure 25b: A circular letter, being one of the two pieces of advertising matter contained within the cover shown in Figure 25a.

(The third part of this article will discuss the customs duty and WET on periodical publications from the United States of America.)

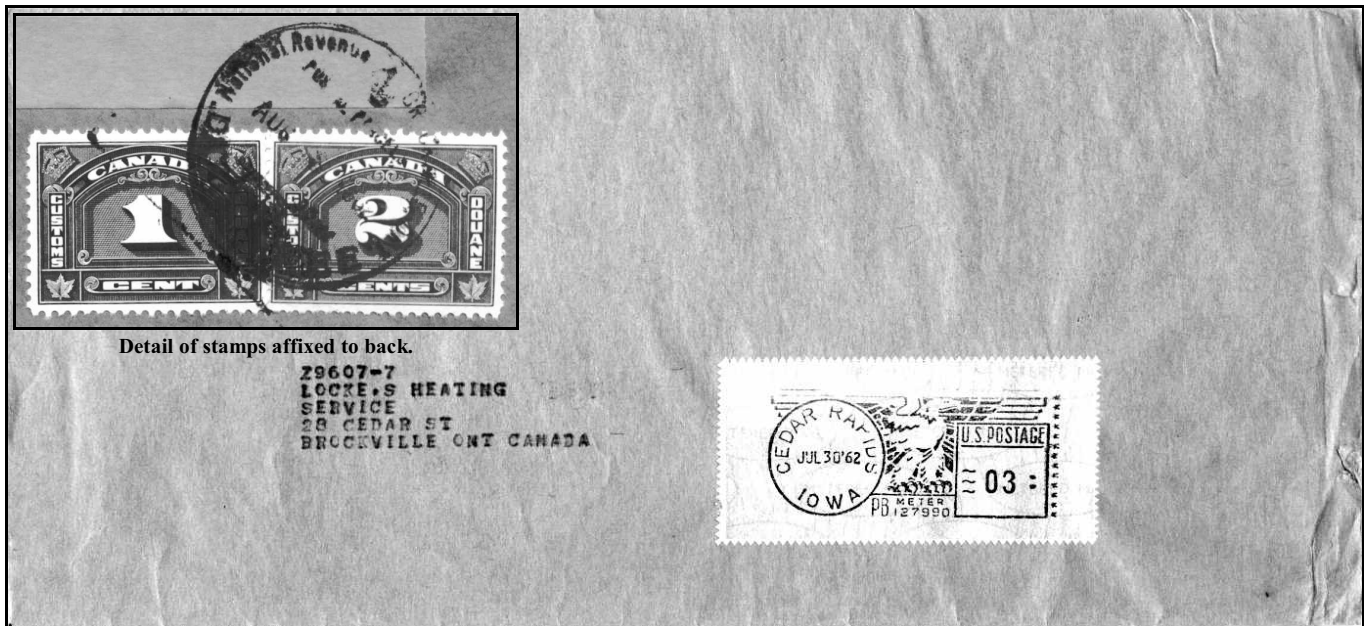


Figure 26: US wrapper of July 30th, 1962, customs-dated August 3rd(?), 1962, representing the 3-cent duty on matter over 1 oz., up to 3 oz. under the MFN Tariff scale in effect January 1949 through December 1979.