



CANADIAN REVENUE NEWSLETTER

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

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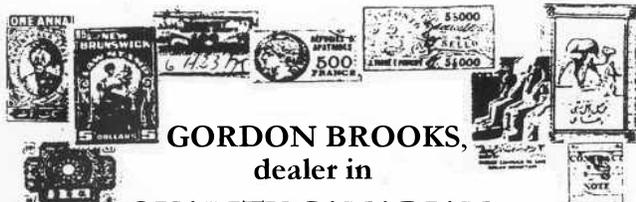
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Corner Folds on Canadian Revenue Stamps

Leopold Beaudet

Although some might dismiss them as oddities or freaks, I find corner fold varieties fascinating for several reasons. Corner folds come in all shapes and sizes, but each one is usually unique in appearance and the larger ones are striking. They can be expensive, so they tend to be illustrated in price lists and auction catalogues. Some have graced very prestigious collections. Being unique, expensive, and photogenic, they tend to leave a trail, as they travel from one collection to another, that allows their provenance to be traced. On a technical note, corner folds take on different forms depending upon when they occur in the stamp production process. They can provide valuable information as to how the stamps were printed. The ones I prize most highly provide insights that might otherwise never come to light.

The intent of this article is to present some of the most interesting corner folds on revenue stamps, examples that illustrate the points made in the preceding paragraph. These examples come from a 50-page illustrated compilation of corner folds on revenue stamps that I have prepared. This compilation is one chapter of a proposed annotated, illustrated list of corner fold varieties on postage stamps of Canada and the provinces as well as federal revenue stamps.

To date, I have recorded a total of 61 corner folds on Canadian federal revenue stamps. There is one on the First Bill Issue, no less than 56 on the Third Bill Issue, and four on the Excise Tax issues. To my knowledge, the first time a corner fold on a revenue stamp appeared in the philatelic literature was in 1983, and less than ten were recorded up to 1999. The bulk of the revenue corner folds come from a huge holding of the Third Bill Issue acquired by **Ian Kimmerly Stamps**, an Ottawa dealer, from an estate in December 2001. This holding had many fascinating and unique examples of corner folds. It changed my perspective on corner folds on the Third Bill Issue.

The sole corner fold on the First Bill Issue is a spectacular one that illustrates many of the attractions (to me, anyway) of this type of variety. As shown in Figure 1, the fold occurs on a LL block of four of the 7¢ value perf 13.5. Stamp 10/1 (that is, row 10, column 1) has the "SFVEN" flaw. This corner fold is almost unique among corner folds on Canadian stamps. The stamps are line perforated which means that the horizontal and vertical perforations were produced separately.

Because the horizontal and vertical perforations are both skewed at the fold, the variety must have occurred before the sheet was perforated. Figure 2 shows a simulation of the block with the paper folded. The skewed perforations now line up with the regular ones except for the extra diagonal perforations in the bottom left pane (arrow). How were these extra holes produced? I have not examined the actual block, but I believe a second corner fold occurred after the first one as shown in Figure 3. The extra perforations were produced because the second fold overlaps the leftmost vertical perforations (middle arrow). Note that, at one point, the perforator would have had to perforate four layers of paper. The second fold also overlaps the bottom two rows of horizontal perforations (top and bottom arrows), but, referring back to Figure 1, they obviously did not produce any extra perforation holes. Why? The second fold must have occurred after the sheet was perforated horizontally, but before it was perforated vertically. If the above explanation is correct, this variety is remarkable because there were two folds, not one, at the same corner, and the two folds occurred at different points in the production of the sheet. The variety also shows that the sheet was perforated horizontally first and then vertically.

The provenance of this variety is just as impressive as its technical merits. It was the first fold on revenue stamps to appear in philatelic literature (that I'm aware of). It was part of the **Fred Jarrett** collection auctioned by **R. Maresch & Son** (Auction 151-153, 23-24 Feb. 1983, lot 12) where it realized \$280 plus 10% buyer's premium. It appeared again in the **Robert A. Lee Philatelist Ltd.** auction of the fabulous **Harry W. Lussey** revenue collection (Auction 90 and 91, 19 Sept. 1998 and 30 Oct. 1998, lot 10). The description of the lot in the Lee catalogue notes "selvedge corner separated & re-joined". There is an excellent colour illustration in the auction catalogue that shows the first fold and how the corner separated from the sheet. However, there is little or no sign of the second fold.

In December 2001, **Ian Kimmerly Stamps** acquired an extensive accumulation of the Third Bill Issue, totalling more than 20,000 stamps including about 85 sheets of 100. Before this holding came to light, I had recorded a grand total of nine folds on the Third Bill Issue, and

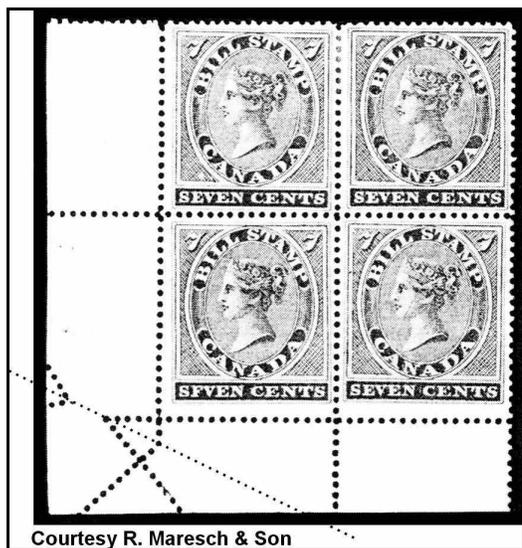


Figure 1: Corner fold on the 7¢ First Bill Issue. Only fold on the First Bill Issue that is known the Author.



Figure 2: Fold as it would appear with the paper folded. Note the extra diagonal perfs (arrow).

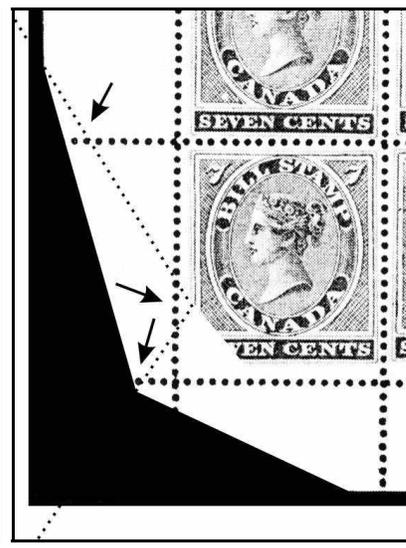


Figure 3: Simulated second fold. Note where second fold overlaps the horizontal and vertical perfs (arrows).

assumed that this type of variety was scarce. However, in the holding, there were 41 corner folds, about 25 of them on full sheets and many others in large blocks. The original owner apparently did not “cherry pick” when he acquired the sheets. The accumulation appears to have come from remainders that were archived when Bill stamps became obsolete in March 1882. One of the sheets has a violet handstamp in the margin that reads “CREDIT THE PICTOU BANK, PICTOU, N. S.” The holding contains stamps on different papers (although I did not see any on pelure paper), perforations, and gums, so the folds presumably occurred over the course of several printings over a period of time. Given that over a quarter of the sheets in the holding had corner folds, it would appear that this type of variety is not scarce at all on the Third Bill Issue. In contrast, there are no known corner folds on the Second Bill Issue printed by ABN. Admittedly, the Second Bill Issue was current for only three years whereas the Third Bill Issue, which was printed by the then newly incorporated British American Bank Note Co. (BABN), was current for 14.

The Third Bill Issue was contemporary with the Large and Small Queen postage stamps. They were all produced by BABN using the same printing process, so they have much in common. However, corner folds on the Large and Small Queens are scarce. Perhaps BABN took more care when printing the postage stamps, or perhaps BABN was more diligent in culling sheets with printing deficiencies. Or perhaps the Post Office was less forgiving of such oddities than the Government Dept. procuring the revenue stamps.

Figure 4 shows a seemingly “ordinary” corner fold on the 1¢ value on horizontally wove paper, perf 11.8 x 12.1. But why does the top row of perforations zigzag in the left sheet margin? The three kinks in the top row of perforations indicate that there were three folds, not one. Far from being an ordinary corner fold, this example is unique. The lines in Figure 4 show where the three folds occurred, and Figure 5 simulates the block with the paper folded along fold 1.

All three folds occurred before the sheet was perforated horizontally, and the duplicate of the vertical perforations in the top left corner of the sheet in Figure 4 indicates that fold 1 occurred before the sheet was perforated vertically. If the dotted lines in Figure 4 are accurate, when the paper was folded along folds 2 and 3, it overlapped the vertical perforations slightly at the top of the sheet. However, there are no duplicate perforation holes. This suggests that when the sheet was perforated vertically, only fold 1 was actually folded. If so, the sequence of events was as follows: 1) after the sheet was printed but before it was perforated, the sheet was folded towards the gum side along fold 1; 2) the sheet was perforated vertically; 3) the corner was folded a second time, producing both folds 2 and 3; and 4) the sheet was perforated horizontally. The second time the paper was folded, it affected two layers of paper and thus produced two folds simultaneously because the second fold occurred on top of the first fold. In cases such as this, I have difficulty visualizing the effects of a fold so I fall back on skills I learned in grade school - I cut out a photocopy of the corner block, and fold the paper to reproduce the effects.

Figure 6 shows a seemingly minor fold on the 7¢ Third Bill Issue on vertically wove paper, perf 12.1 x 12.1. Most of the perforations in the leftmost column are blind, so the perf holes don't appear in the illustration. Because both horizontal and vertical perforations were affected, the fold must have occurred before the sheet was perforated. Although seemingly minor, this fold is just as fascinating as the triple fold on the 1¢. As shown in Figure 7, there is a reverse offset of the UL corner of stamp 1/1 in the UL corner of the sheet. The offset, which shows the ornament around the “7” and the “C” in “CANADA”, was also produced by a corner fold.

The Third Bill Issue was printed by the wet process. The steps in the printing process are as follows:



Courtesy Ian Kimberly Stamps



Figure 5: Simulation showing the paper folded along fold 1. Note the zigzag in the horizontal perfs. The lines show where the paper was folded.



Courtesy Ian Kimberly Stamps

Figure 6: Double fold on the 7¢ Third Bill Issue.



Figure 7: Enlarged detail of Figure 6. Note the reverse offset of the design produced by the first fold.

1. An ungummed sheet of paper is dampened and placed on the plate on a flatbed press.
2. The sheet is printed.
3. The sheet is removed from the press and left to dry.
4. The sheet is gummed.
5. The sheet is line-perforated in one direction.
6. The sheet is line-perforated in the perpendicular direction.

The two folds on this block occurred at different points in the printing process, and have completely different characteristics. The first fold occurred immediately after printing, while the ink was still wet, but before the gum was applied. As was fairly typical of the wet printing process, the gum stops short of the edge of the sheet in the top and left margins. The paper was unfolded before the sheet was perforated because the perforations are normal where they intersect the fold. Before the sheet was perforated, a second fold occurred along the line labelled "second fold" in Figure 7. The second fold caused the perforation anomalies.

Figures 8 to 18 show the diversity of corner fold varieties that exist on the Third Bill Issue. Most of the examples come from the hoard acquired by **Ian Kimmerly**.

All four folds on the Excise stamps occur on overprinted stamps. All the folds occurred after the stamps were printed but before the overprint was applied. The example illustrated in Figure 19 is on the 1920–1923

40¢ Excise Tax overprinted 14¢. This block boasts two varieties, the corner fold and a noticeable downward slant of the overprint. It was auction by **R. Maresch & Son** in 1986 (Auction 183-186, 5-6 Feb. 1986, lot 621) where it realized \$60 plus a 10% buyer's premium. In 2000, it was offered by **City Stamp Montreal Inc.** at \$900, a rather dramatic increase in price, even over a 16-year period.

As mentioned above, I am preparing an illustrated list of corner fold varieties. If you have any corner fold varieties in your collection, be they on revenue or postage stamps, that you would care to include in this list, please send me an electronic scan or photocopy along with any information you may care to share about their provenance. I will be happy to acknowledge your contribution unless you prefer to remain anonymous. If you would like to get my current compilation of folds on revenue stamps, please forward your request along with six 48¢ stamps or US\$2.00 to: **Leopold Beaudet**, 1386 Louis Lane, Ottawa, ON, K1B 3P3. E-mail: lbeaudet@magma.ca.

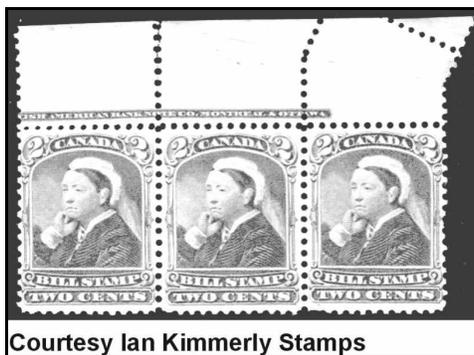
Acknowledgements

I would like to thank **Bill Wegman**, **Ian Kimmerly Stamps**, **Robert A. Lee Ltd.**, and **R. Maresch & Son** for providing information on the revenue stamps and the corner fold varieties, and for permission to reproduce the illustrations.



Courtesy Ian Kimmerly Stamps

Figure 8: Fold on 1¢ Third Bill Issue, the largest on the revenue stamps. The fold occurred AFTER the sheet was perforated vertically but BEFORE it was perforated horizontally.

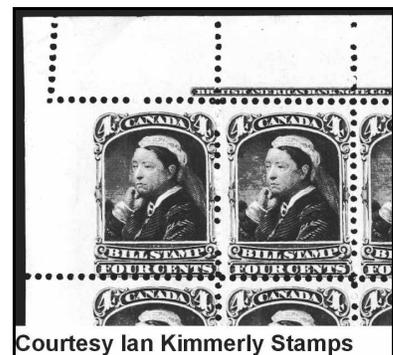


Courtesy Ian Kimmerly Stamps

Figure 9: Fold on 2¢ Third Bill Issue. Unfortunately, the right sheet selvage is missing.



Figure 10: One of several nice folds on 3¢ Third Bill Issue.



Courtesy Ian Kimmerly Stamps

Figure 11: Fold on 4¢ Third Bill Issue. Note the imperf left sheet margin.



Courtesy Ian Kimmerly Stamps

Figure 12: Nice fold on 5¢ Third Bill Issue.



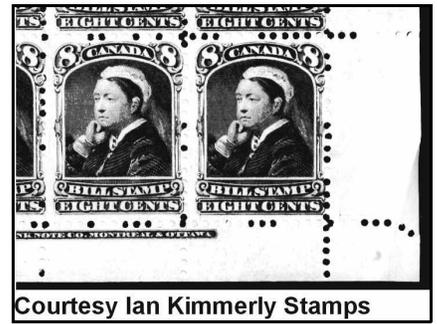
Courtesy Ian Kimmerly Stamps

Figure 13: Nice fold on 6¢ Third Bill Issue.



Courtesy Robert A. Lee Philatelist Ltd.

Figure 14: Nice fold on 7¢ Third Bill Issue. It appears that the 7¢ sheet was perforated horizontally first and then vertically, the opposite of the sheet shown in Figure 8.



Courtesy Ian Kimmerly Stamps

Figure 15: Minor fold on 8¢ Third Bill Issue.



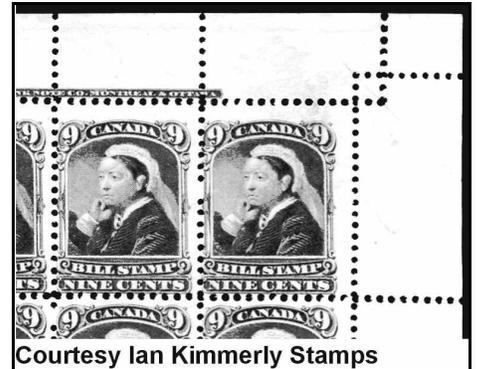
Courtesy Ian Kimmerly Stamps

Figure 17: One of three known folds on the \$1.00 Third Bill Issue.



Courtesy Ian Kimmerly Stamps

Figure 18: Double fold on 10¢ Third Bill Issue.



Courtesy Ian Kimmerly Stamps

Figure 16: One of several nice folds on 9¢ Third Bill Issue.

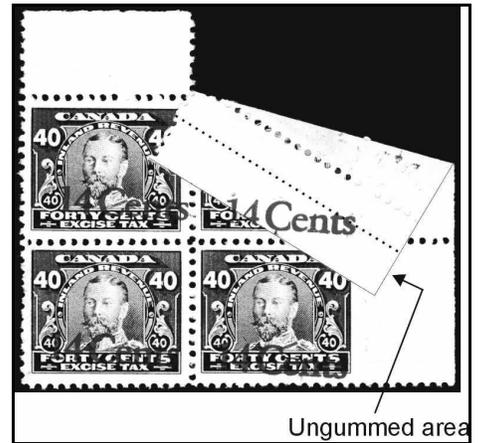


Figure 19: Fold on 40¢ Excise Tax stamp overprinted 14¢. The dotted line indicates where the gum stops in the top sheet margin.

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

Christopher D. Ryan

— Part 3 —

Manufactured Tobacco Stamps and Stamping: 1880-1883

The Inland Revenue Act of 1880 made significant changes to the stamping requirements for manufactured tobacco. While previous Statutes had simply required that every “*package, box, case, jar, canister or parcel*” of dutiable tobacco be stamped, the new excise law was more exact in its requirements. For small packages (less than one pound) of manufactured tobacco, it had previously been the practice in some instances to stamp only the outer carton or packing case that enclosed the individual packages. These enclosed packages could be as small as one sixteenth of a pound for cut tobacco (1869) and one-fiftieth or one-sixtieth of a pound for cigarettes (1880).[59, 65] Under the 1880 Act, every individual package of one pound or less was to be stamped, and to pay the duty represented by the stamp.[66] This new requirement is reflected in a Revenue Department circular of June 28th, 1880, in which excise officers were informed as follows.

You will observe that the Tobacco labels will not adhere to tin foil with ordinary gum or paste. The manufacturer must therefore either envelope the tin foil in an outer wrapper of paper or provide some kind of gum or paste by which the labels may be so attached that they cannot be removed without destroying them. [67]

To meet the new stamping requirements, strip stamps of the types illustrated below in Figures 30 to 36 were ordered by the Revenue Department from BABN starting in June of 1880.[68, 69] Supplementing the black excise consumption stamps (Figure 30) and the red excise warehouse stamps (Figure 31) were green excise consumption stamps (Figure 32) for use at a reduced rate of duty on tobacco products manufactured exclusively from Canadian leaf. These special Canada

Leaf Only stamps are erroneously listed in the Brandom catalogue as raw leaf stamps, which they are not. Continuing with the practice initiated in late-1874, the new strip-stamps were produced as a general series, in which the space for the division name was left blank, and in a number of division-specific series, which included the name of the Division and the signature of its Collector. All of the new strip-stamps were produced by lithography. With the arrangements for the new design of stamps in hand, the Revenue Department informed BABN on July 1st, 1880, that the plates for the rectangular, intaglio one-half and one-quarter pound tobacco stamps then in use (Figure 21 in Part 2) were obsolete.[70]

Under the 1880 Statute, licensed tobacco farmers had the option of manufacturing Canada Twist at the same very low rate of excise duty allowed since 1864 to regular tobacco manufacturers. Canada Twist was defined in the Act as “*unpressed leaf rolled and twisted*” manufactured exclusively from Canadian leaf.[66] The granting of this privilege to licensed farmers required a separate class of revenue stamps, which was also produced in several division-specific series.[71] The first of these stamps was the non-denominated stamp illustrated in Figure 33. This item was ordered by the Revenue Department on September 6th, 1880, and pressed into service as an interim measure pending the preparation of proper, denominated varieties. The requisition for the stamp directed BABN to use the “*French or English plates whichever takes least time.*”[72] This indicates that at the very least a design had already been prepared for one of the anticipated denominations. Examination of the non-denominated stamp shows that it was prepared from the master for a 2-pound stamp. Immediately after the ‘lb.’ there is a remnant of a deleted ‘s’ under the vertical fill-lines. This ‘s’ would have been present only on the 2-pound stamp.

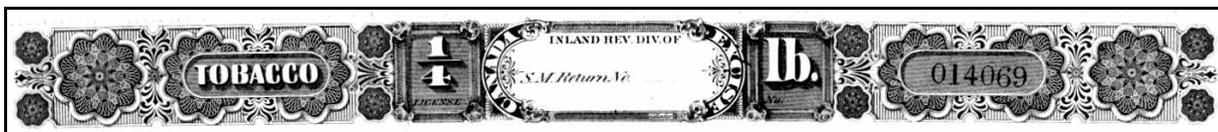


Figure 30: Series of 1880, black excise consumption strip stamp for cut tobacco made in whole or in part of foreign leaf.

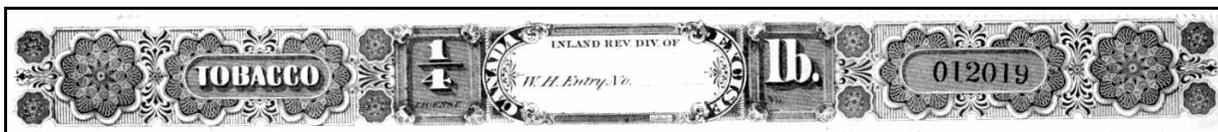


Figure 31: Series of 1880, red excise warehouse stamp for cut tobacco made in whole or in part of foreign leaf.

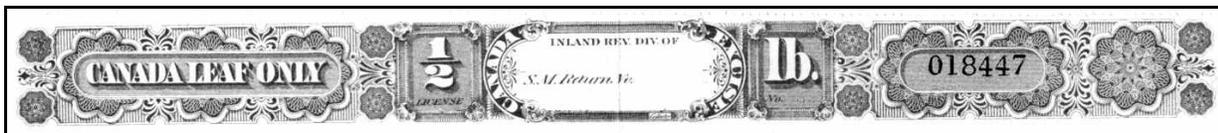


Figure 32: Series of 1880, green excise consumption stamp for cut tobacco made exclusively of Canadian leaf.



Figure 33: Series of 1880, interim excise consumption stamp for Canada Twist pending preparation of denominated stamps.

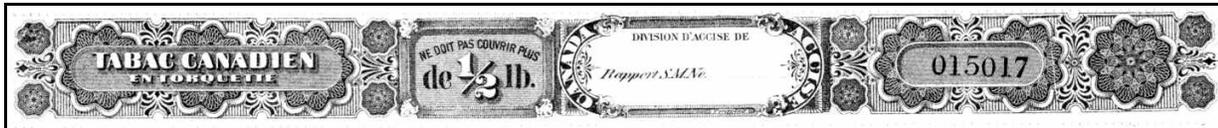


Figure 34: Series of 1880, French-language excise consumption stamp for use by licensed farmers on packages of Canada Twist.



Figure 35: Series of 1880, English-language excise consumption stamp for use by licensed farmers on packages of Canada Twist.

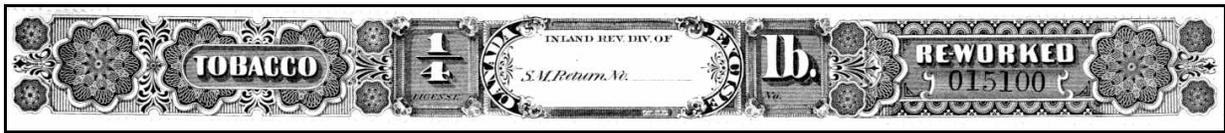


Figure 36: Series of 1880, brown excise consumption stamp used to replace stamps attached to duty-paid packages taken by manufacturers for reprocessing.

The initial supply of ½, 1 and 2-pound stamps in the French-language was ordered on the same date as the interim stamp.[72] An example of a French-language stamp is illustrated in Figure 34 with an English-language stamp in Figure 35.

The Canada Twist stamps were the first Canadian tobacco excise stamps to be sold to their users, in this case, licensed farmers, who then affixed them to dutiable products.[71] Prior to July 1883, all other tobacco excise stamps were affixed by excise officers and the duty they represented was paid as part of a semi-monthly return or upon removal from a bonded warehouse.

Aside of the statutory provisions, a procedural decision was made in late-1880 to provide a number of special brown stamps for duty-paid manufactured tobacco that had been 're-worked'. An example of a brown re-worked stamp is illustrated above in Figure 36. These strip-stamps, as ordered from BABN on October 21st, 1880, in various denominations of one pound or less, were accompanied by brown rectangular five and ten-pound stamps of a type similar to that illustrated in Figure 37. The latter stamps did not bear the inscription 're-worked' in accordance with instructions from the Revenue Department to omit the words if their inclusion would delay production.[73]

The term 're-worked' referred to any reprocessing or refinishing, including repackaging. Regulations in effect since February of 1876 had permitted re-working of duty-paid tobacco under the supervision of excise officers. These instructions required that the original revenue stamp be preserved whenever possible. In the event of the defacement or destruction of the original stamp, a new stamp was to be issued on which the word 're-worked' was to be stencilled by the excise officer.[74]

Other than the special Canada Twist stamps, all of the new strip-stamps for manufactured tobacco were intended primarily for use on cut tobacco. The latter comprised tobacco produced from dried, aged leaves that were moistened and flavoured prior to being shredded or granulated. The degree of flavouring varied with the intended end use of the product: cigarettes, pipes or chewing. For smoking tobaccos, additives were used to improve the burning characteristics of the finished products.[75] Under a January 22nd, 1877, ruling by the Revenue Department, cigarettes were treated as cut tobacco for excise purposes.[76] The Act of 1880 specified a one-pound limit for individual packages of cut tobacco, a two-pound limit for Canada Twist and a ten-pound limit for snuff. Any number of small packages of one pound or less could be enclosed in an outer carton or packing case to a maximum weight of one hundred pounds.[66] In 1882, the limit for individual packages of fine cut chewing tobacco was increased to five pounds.[77]

The consequence of the above size restrictions was to limit use of the 'large' manufactured tobacco stamps, particularly the Caddy and Box stamps, to pressed forms of tobacco. These types of manufactured tobacco, in their smoking and chewing varieties, were known as cake, cavendish, pigtail, plug, roll, rope or twist tobacco (excluding Canada Twist), with 'plug' and 'twist' appearing to have been the most commonly used terms.[75]

The production of pressed tobaccos traditionally began with the soaking of whole, dried leaves in flavouring-sauces of various compositions. This was followed by drying, gentle steaming and the application of high pressure for at least several weeks during which the product fermented. Variations in finished products resulted from the type of tobacco leaf, the composition of the sauce and the degree of fermentation. Flavouring agents used in the sauces included licorice, sugar, honey, salt, saltpetre, almond oil, bergamot oil, lemon, cardamon, cloves, mace, styrax, nutmeg, cinnamon, caraway seed, fennel seed and vanilla.[75]

Twist tobacco (also known as pigtail, roll or rope tobacco) is the oldest form of pressed tobacco. It was traditionally produced by first rolling the flavoured leaves lengthwise into the form of a tube. The tubes were then formed into the twist by feeding them into a machine that produced a long cord in a manner similar to rope-making. Alternately, each tube could be folded lengthwise and twisted as an individual piece. If formed into a long cord, the twist would be coiled around a cylinder prior to being pressed.[75]

Plug tobacco (also known as cake or cavendish tobacco) was produced by pressing the flavoured leaves in rectangular moulds to form a flat cake or bar. The term 'cavendish' referred to sweetened plug tobacco intended for chewing.[75]

During the 1800s and the early part of the 1900s, pressed tobaccos were packaged in large caddies and boxes from which retailers would remove individual plugs or twists for sale to consumers. As will be discussed later in this work, Canadian manufacturers of that period were very reluctant to package their pressed tobaccos in units of less than ten pounds.

Passage of the 1880 Statute affected the 'large' tobacco stamps in two significant ways. The first effect was the deletion of the reference on the stamps to the previous Statute, 31 Victoria, Chapter 31. On July 1st, 1880, BABN was instructed by the Revenue Department to remove all references to the old Statute from the existing printing plates.[70] Figure 37 below illustrates a fifteen-pound excise consumption stamp for the Montreal Division in which the reference to the 31 Victoria Statute has been deleted from under the words 'Canada' and 'Excise' at the top. Figure 38 on the next page illustrates a Caddy stamp also for



Figure 37: Series of 1880, black excise consumption stamp, Montreal Division, with previous Statute 'XXXI Vict. Cap. VIII' deleted at top, under 'Canada' and 'Excise'.

the Montreal Division in which the reference has been removed from the arch at the very top of the stamp, above the vignette of Saint George and the Dragon. This same deletion from the top arch can be found on the Box stamp in Figure 39.

The second effect of the 1880 law was the overprinting of the Box stamps with the new weight limit of one hundred ten pounds. Figures 39, 40 and 41 respectively illustrate three varieties of Box stamps, each overprinted vertically with "Not to cover more than 110 lbs." Figures 40 and 41 represent older stock on hand at the time of the overprinting. The timing of this overprinting, which is known reading both up and down in different typefaces and colours, has not yet been determined by this writer. **Brandom** lists as M134 a Box stamp similar to that in Figure 39 with the 31 Victoria removed, but without the weight restriction added. However, the price quoted by Brandom for this stamp indicates that he thought it to be a very rare item.[78] This extreme scarcity is perhaps an indication that the decision to overprint the weight limit was made soon after the new designs of Box stamps had been prepared.

With the multitude of new stamps, individually personalized for several Revenue Divisions, a decision was made in November or December of 1880 to designate most items by a code. In this code, a single letter represented the Division (or for general use) and a number represented the 'denomination' and type of stamp: black excise consumption, red excise warehouse, blue customs, *et cetera*.[79] By the end of December 1880, BABN had been instructed by the Revenue Department to incorporate the new codes into the designs of the lithographed strip-stamps.[58, 61] The standing instruction to BABN for the preparation of new designs incorporating the codes was revoked on December 12th, 1881. Thereafter, in the absence of instructions to the contrary, whatever plates were already on hand, with or without the code, were to be used for printing new stocks of strip-stamps.[80]

Figures 42 through 46 opposite illustrate the coded versions of the strip-stamps, designated here as the Series of 1881. One item in the set that was not part of the Series of 1880 is the Customs stamp illustrated in Figure 46. In spite of the requirements of the Act of 1880, the Customs Department had persisted in the old practice of stamping only the outer carton or packing case and had declined to provide and denominated stamps for small, individual packages.[59, 60] Thus, in December of 1880, the Revenue Department assumed the responsibility for procuring the blue Customs tobacco revenue stamps.[61] In July of 1881, the Revenue Department also assumed responsibility for the distribution of the stamps to local Customs officers through local Revenue Collectors.[48, 62] The July 12th, 1881, notice from the Commissioner of Customs to his officers read as follows.

I have to inform you that the duty of procuring and furnishing stamps for Imported Tobacco, Cigars and Cigarettes, etc., has been assumed by the Department of Inland Revenue, and the Commissioner has arranged to place supplies of the different denominations of Stamps required in the hands of the Collectors of that Department to be

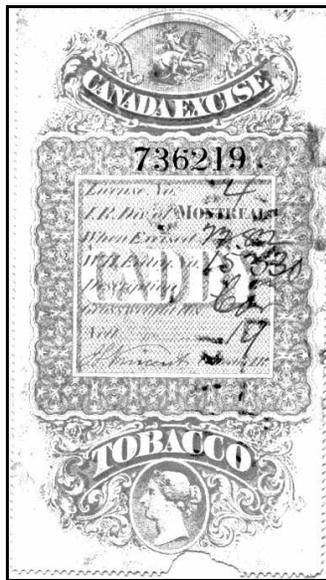


Figure 38: Series of 1880, red excise warehouse Caddy stamp, Montreal Division, with 'XXXI Vict. Cap. VIII' deleted from arch at top, above the vignette of St. George and the Dragon.

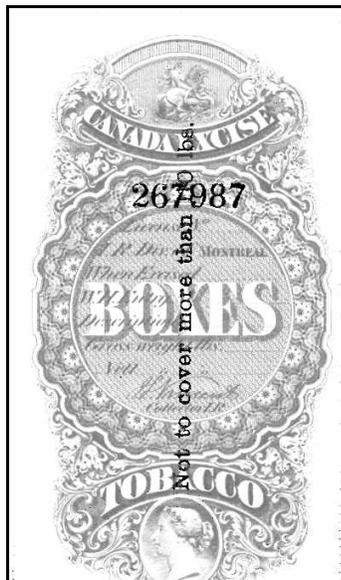


Figure 39: Series of 1880, red excise warehouse Caddy stamp, Montreal Division, with 'XXXI Vict. Cap. VIII' deleted from arch at top and with 110 lbs restriction overprint reading upward.

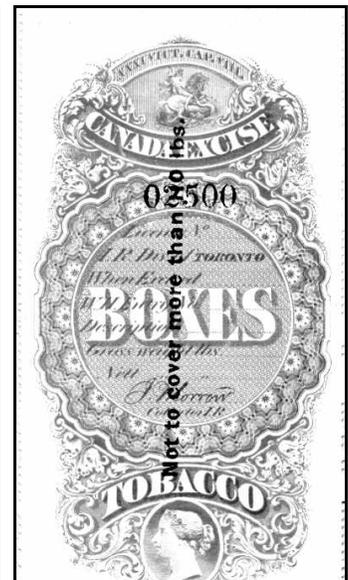


Figure 40: Series of 1880, red excise warehouse stamp, Toronto Division, with 110 lbs restriction overprinted on pre-1880 stock.

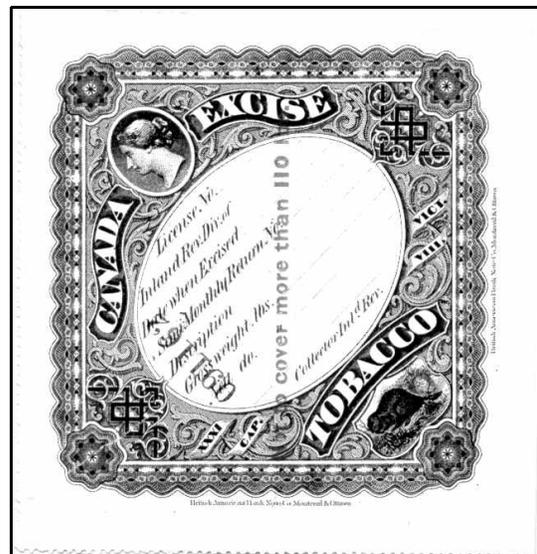


Figure 41: Series of 1880, black excise consumption stamp with 110 lbs restriction overprinted on pre-1880 stock.

supplied to the Collectors of Customs as required by them, and I am to instruct you, in future, to send your requisitions for such Stamps to the nearest Collector of Inland Revenue, who will then supply the same.

The denominations for Cut Tobacco, so far determined on, are 1 lb., 1/2 lb., 1/4 lb., 1/5 lb., 1/10 lb., 1/16 lb., and not to cover more than 1/20 lb.

In your requisitions you should state the number of any of the above Stamps you may require, and if there are Stamps of other denominations of kinds required, you should send your requisition in like manner, stating distinctly the contents and weight of the packages upon which they are to be placed, when if not in hand they will be procured and forwarded by the said Department of Inland Revenue.

[62]



Figure 42: Series of 1881, black excise consumption stamp, Toronto Division, for cut tobacco made in whole or in part of foreign leaf.



Figure 43: Series of 1881, red excise warehouse stamp, Quebec Division, for cut tobacco made in whole or in part of foreign leaf.



Figure 44: Series of 1881, green English-language excise consumption stamp, Ottawa Division, for use by farmers on Canada Twist.



Figure 45: Series of 1881, green French-language excise consumption stamp, Joliette Division, for use by farmers on Canada Twist.



Figure 46: Series of 1881, blue Customs stamp for general use in any Revenue Division.



Figure 47: Series of 1881, violet re-worked stamp, Windsor Division, bearing the code 'G64' in error.

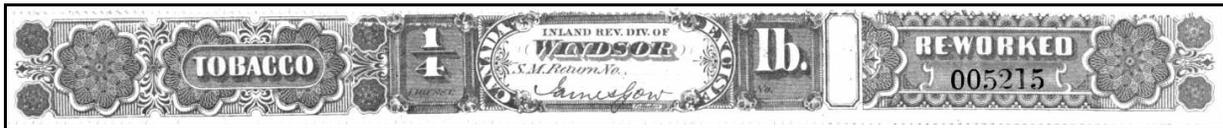


Figure 48: Series of 1881, violet re-worked stamp, Windsor Division, with erroneous code deleted.

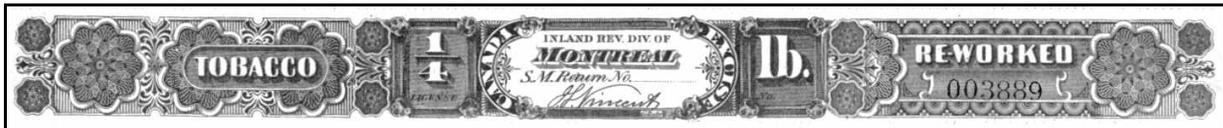


Figure 49: Series of 1881, violet re-worked stamp, Montreal Division, properly issued without the code at right.

It can be inferred from the circular quoted above that the strip-stamps for imported manufactured tobacco were new to Customs officers in July of 1881. Thus, it appears that the provisions of the 1880 Statute regarding the stamping of small, individual packages were not rigorously adhered to for imports until mid-July of 1881.

With respect to larger packages, the incremental transfer of the responsibility for the revenue stamps meant that Caddy and Box stamps were finally introduced in 1881 for Customs use on imported tobacco products. These stamps are illustrated overleaf in Figures 50 and 51.

In the Series of 1881, the stamps for reworked tobacco were printed in various shades of violet and were not assigned code designations by the Revenue Department.[79, 81] The reason for the lack of codes has not yet been determined by this writer. However, it can be speculated that their absence was a result of an accounting procedure arising from the fact that the issue of a 're-worked' stamp did not represent the collection of any excise duty.

Figure 47 above illustrates one denomination of the violet re-worked stamps prepared for the Windsor Division and bearing codes in error. The error is not only the presence of the codes but also the codes themselves, which correspond to those assigned to the Customs stamps of the same denominations. As shown in Figures 48 and 49, the erroneous codes were deleted from the Windsor stamps and, to the best knowledge of this writer, were never incorporated into the violet "re-worked" stamps for other Divisions.

Notable by their absence from the Series of 1881 are Canada Leaf Only strip stamps for manufactured tobacco products. These green stamps for the reduced duty of fourteen cents per pound on products (other than Canada Twist) made exclusively of Canadian leaf did not see significant use during 1880 and 1881 due to the nature of Canadian-grown tobacco, a ruling by the Revenue Minister and certain statutory provisions.

Canadian leaf tobacco of the time was significantly inferior in quality

to leaf grown in warmer climates. Thus, the domestic leaf was traditionally relegated to the manufacture of Canada Twist and low quality cut tobaccos. Under an 1880 Ministerial ruling that was not reversed until early-1881, Canada Twist made by licensed manufacturers was subject to the same fourteen-cent duty as other forms of tobacco produced from Canadian leaf exclusively. However, licenced farmers could now manufacture their own Canada Twist at an excise duty of four cents per pound. This rate was two-sevenths the duty paid by manufacturers on their own Canada Twist and cut tobacco of comparable quality. The result was the domination by the farmers of the traditional market for low grade products of Canadian leaf. Furthermore, the law required that in order for licensed commercial manufacturers to take advantage of the reduced duties on the products of Canadian leaf, they would have to maintain premises that were completely free of any foreign leaf. The presence of any foreign leaf in a factory meant the application of the standard twenty-cent excise duty to all of its production. For these manufacturers, this provision required the establishment and operation of entirely separate factories for separate products of foreign and Canadian leaf.[82, 83, 84, 85]

As a result of the above situation, very few manufacturers undertook the production of goods from exclusively from Canadian Leaf.[86] During the fiscal year ending June 30th, 1881, only 4889 pounds of manufactured tobacco was produced exclusively from Canadian leaf as compared to over 7.6 million pounds produced from foreign leaf combined with a relatively small amount of Canadian leaf (12,219 pounds).[87] It thus appears that a lack of demand for the green Canada Leaf Only stamps made it unnecessary to reprint them with codes as part of the Series of 1881.

The intent of the reduced rate for products of Canadian leaf in the 1880 Statute had been to encourage their manufacture. The failure of this policy was acknowledged by the Government in May of 1882 when the duty on products of Canadian leaf was reduced from fourteen to eight cents per pound, the rate that had been advocated in 1880 by the Revenue Department. However, while farmers continued to benefit under the 1882 amendment from a four-cent duty on their Canada Twist, regular manufacturers did not and were required once again to pay the same, higher eight-cent duty on their own Canada Twist as they did on their other products of Canadian leaf. In addition, the government removed all restrictions on farmers with regards to the growth and sale of their leaf. They no longer required a licence and could now sell their crop to anyone. Previously, farmers had been required to sell their leaf only to licensed dealers or manufacturers. The Inland Revenue report for the fiscal year ending June 30th, 1882, noted that the removal of the restrictions on tobacco farmers had severely penalized licensed manufacturers and “honest” farmers by creating an underground market in cut tobacco on which excise duty had not been paid.[66, 77, 86]

Officials in the Revenue Department were irritated by this turn of events. On the advice of the Justice Department, they invoked a section of the 1880 Act to obtain an Order in Council on September 27th, 1882, that placed restrictions on the sale of Canadian leaf to persons other than licensed dealers and manufacturers. Under that Order, sales by farmers to unlicensed purchasers were restricted to thirty pounds per annum for each adult male member of the purchasers’ family for their personal use only and not for resale to others. In addition, the Order restricted the use of commercial tobacco-cutting machines to licensed manufacturers and to retailers to whom a special permit had been issued for the cutting of pressed tobaccos sold by them.[66, 86, 88, 89, 90]

The reduced 8-cent duty combined with the efforts of the Revenue Department to suppress the illegal trade in cut tobacco appears to have had the desired effect. As shown in Table 2 at right, there was approximately 17.5 times as much ‘Canada Leaf Only’ production during the fiscal year ending June 30th, 1883, as there had been during the previous fiscal year. However, this improvement seems to have been less than ideal. As a result, the Inland Revenue Act of 1883

further reduced this duty to two cents per pound and set the same rate for the farmers’ Canada Twist. This put all products of Canadian leaf on a par with farmers’ Canada Twist and granted these goods an 83% discount on the new twelve-cent rate charged on products of foreign leaf.[91]

An 1882 addition to the stamps for products of exclusively Canadian leaf was a green, lithographed version of the Montreal Division Caddy stamp illustrated in Figure 38.[57] Significantly, this green Caddy stamp is a warehouse stamp that would have been affixed to stored packages on which the excise duty was payable upon removal from a bonding warehouse for consumption. The existing green strip-stamps are consumption stamps that were affixed to packages released for consumption directly from the factory and on which the excise duty was paid semi-monthly.

This situation is explained by the Inland Revenue Reports for the three fiscal years ending June 30th, 1881, 1882 and 1883. These Reports show that in the first two years tobacco manufactured from Canadian leaf exclusively was produced only in the Montreal and Three Rivers Divisions. All of this tobacco paid duty directly from the factory, none was warehoused, and thus all of it would have been affixed with green consumption stamps. In the third year (1882-1883), tobacco manufactured from Canadian leaf exclusively was produced in the Joliette, Montreal St. Hyacinthe, and Three Rivers Divisions. Unlike the previous years, some green-stamped tobacco was warehoused, and only in the Montreal Division.[92] This data corresponds to the known green manufactured tobacco stamps from this period.

(To be continued.)

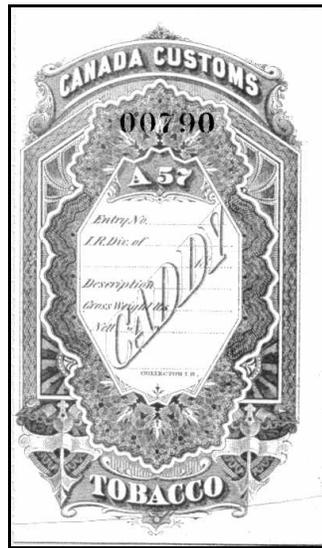


Figure 50: Series of 1881, blue Customs Caddy stamp (max. 25 lbs weight).

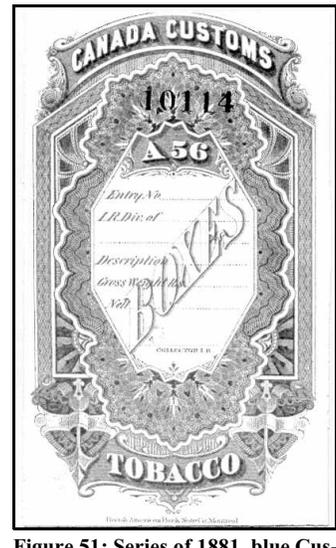


Figure 51: Series of 1881, blue Customs Box stamp (over 25, up to 110 lbs weight).

Table 2: Weight in pounds of manufactured tobacco produced in Canada during 1880-1883. (Source: Inland Revenue Reports, 1881 to 1883.)

Fiscal Year (July 1 st - June 30 th):	1880-1881	1881-1882	1882-1883
Tobacco from Canadian Leaf only:	4,889	12,413	217,001
Tobacco from Foreign Leaf:	7.62 million	8.67 million	8.02 million
Farmers’ Duty-paid Canada Twist:	378,416	454,884	178,432

