The Working Party agreed that information should be collected on a short list of products of interest to developing countries members of the Working Party (L/3039, page 5).

Developed countries members of the Working Party, have, therefore, been asked to provide certain information about taxes levied on products listed in documents Spec(68)97 and Addendum 1.

A further reply which is attached hereto has been received from the Government of the United States.

Further replies will be circulated in addenda to this document.
Forty-four States, the District of Columbia and a number of cities in the United States levy retail sales taxes. A number of the items listed in the annex would be subject to some or all of these taxes, though it is difficult to generalize because State laws vary in the extent to which they provide exemptions for foodstuffs and raw materials. To the extent that these sales taxes are imposed on the goods listed in the annex, imported goods are taxed at standard rates and exports are exempt. State and local sales tax rates range from 1 per cent or less for most municipal taxes to 6 per cent in the case of one State tax. The most common State tax rate is 3 per cent.

A. Excise taxes levied on products as of 1 October 1968

Only two of the products listed in the annex to Spec(68)97 and Spec(68)97/Add.1 are subject to excise tax in the United States:

97.06 Sports goods

(i) Fishing equipment is subject to a Federal manufacturers' excise tax at a rate of 10 per cent of the manufacturer's price.

(ii) Exported products are exempt. Imported products are subject to tax at ordinary rates. The tax liability arises not at the time of importation, but at the time of domestic sale or use by the importer.

22.05 Wine

(a) Federal taxes

(i) Still wines are subject to tax at the following rates:

(a) \$0.17 per wine gallon if alcoholic content not more than 14 per cent;

(b) \$0.67 per wine gallon if alcoholic content more than 14 per cent but not more than 21 per cent;

(c) \$2.25 per wine gallon if alcoholic content more than 24 per cent.

Champagne or sparkling wine is taxed at \$3.40 per wine gallon. Artificially carbonated wines are taxed at \$2.40 per wine gallon.

(ii) These taxes are imposed at ordinary rates on imports, and exports are exempt.
(b) State taxes

(i) Light wines are taxed in thirty-seven States and the District of Columbia at rates which range from $.01 per gallon to more than $.80 per gallon. One State taxes at an ad valorem rate of 20 per cent. Fortified wines are taxed in thirty-six States and the District of Columbia. The range of rates is essentially the same as for light wines.

(ii) State excise taxes are not imposed on products sold outside the State. They are imposed at ordinary rates on imported products.

c) Local taxes

Excise taxes on wines are levied at low rates in only a very few municipalities. No details are available.

B. Excise taxes levied on products as of 1 January 1965

In addition to the two items from the list subject to tax on 1 October 1968, one further product listed in the annex to Spec(68)97 was subject to tax on 1 January 1965. The tax was repealed as of 22 June 1965.

Ch. 42 Leather manufactures

(i) A Federal retailers' excise tax of 10 per cent of the retail price was applied to luggage, including wallets, handbags, keycases and similar leather manufactures.

(ii) The tax did not apply to exports. Since most exports are shipped abroad prior to the retail stage the tax was not generally relevant in the case of exports. Imports were subject to tax when sold at retail in the United States.