in 1921) was introduced, and in 1917 an Income Tax was imposed. In 1918 both of these taxes were increased and their application widened, and in 1919 the income tax was again increased, and still further augmented in 1920, by a surtax of 5 p.c. of the tax on incomes of $5,000 and over; the sales tax was also introduced in that year. This sales tax was increased in 1921 and again in 1922. The cumulative result of these war taxes was that in the fiscal year ended Mar. 31, 1921, customs duties were for the first time displaced from their position as the chief factor in Canadian revenue, the war taxes yielding $168,385,327 as against the customs yield of $163,266,804. In the fiscal year recently closed, this fact is still more obvious, for war taxes yielded $177,484,161, while the yield of customs duties fell to $105,686,645. The income tax has contributed increasingly to the yield of war taxes, raising $78,684,355 in the fiscal year ended Mar. 31, 1922, or approximately three-quarters of the yield from customs.

A more detailed sketch of the new taxation imposed during and following the war is appended for reference:—

War Taxation in Canada.—War taxation began in Canada almost simultaneously with the outbreak of the war. In the short war session of August, 1914, the Customs Tariff Amendment Act, (chap. 5) and an Act to amend the Inland Revenue Act, (chap. 6), provided for increases in the customs and excise duties on various commodities, including coffee, sugar, spirituous liquors and tobacco. In the 1915 session the Customs Tariff War Revenue Act, 1915, imposed duties or additional duties of 5 p.c. ad valorem under the British Preferential Tariff, and of 7½ p.c. ad valorem under the Intermediate and General Tariffs on all goods in Schedule A of the Customs Tariff, whether dutiable or free of duty, subject to exemptions of which the chief were, fish caught by Canadian and Newfoundland fishermen, goods used in the manufacture of agricultural machinery and of binder twine, certain goods used for medical and surgical purposes, anthracite coal, steel for the manufacture of rifles, silk, chemical fertilizers, cotton seed cake and cotton seed cake meal. By the Special War Revenue Act (chap. 8), new taxes were imposed as follows: on every bank, ¼ of 1 p.c. on the average amount of its notes in circulation during each three months period; on every trust and loan company, 1 p.c. on its Canadian income; on every insurance company other than life and marine insurance companies, 1 p.c. of its net premiums received in Canada. Further, taxes were imposed of 1 cent on every cablegram or telegram for which a charge of 15 cents or more was made; 5 cents on the first $5 and 5 cents on every additional $5 on railway and steamboat tickets to places in North America and the British West Indies, and on tickets to places outside of these, $1 if the price exceeded $10, $3 if it exceeded $40, and $5 it it exceeded $65; 10 cents on every sleeping car berth and 5 cents on every parlour car seat; all the foregoing taxes to be collected by the companies concerned and transmitted to the Government. The same act imposed the following stamp duties: 2 cents on every bank cheque and on every express and post office money order and 1 cent on every postal note, 2 cents on every bill of lading, 1 cent extra on every letter and post card, 1 cent for every 25 cents of the retail price of proprietary medicines and perfumery, 3 cents for a pint or less and 5 cents for every quart of non-sparkling wine, and 13 cents for ½ pint or less and 25 cents for every pint of sparkling wine.

By 1916 it was seen that still further taxation was required to maintain the finances of the Dominion in a satisfactory condition. As a result the Business Profits War Tax of that year (chap. 11), was passed, imposing a tax of 25 p.c. of the amount by which the profits earned in business owned by an incorporated company exceeded 7 p.c. per annum, or, in a business owned by any other person or association, exceeded 10 p.c. per annum upon the capital employed in the business. Businesses employing less than $50,000 capital, life assurance companies, businesses engaged in farming and live stock raising, and businesses of which 90 p.c. or more