

sales tax was adjusted to a uniform 6 p.c., while manuscript, raw furs, wool not further prepared than washed, and drain tiles for agricultural purposes were added to the list of exempted articles.

In 1924 it was provided by c. 10 that the operation of the Business Profits War Tax Act should not extend beyond Dec. 31, 1920. By c. 37 the administration of the Business Profits War Tax Act of 1916 and the Income War Tax Act of 1917 was transferred from the Department of Finance to the Department of Customs and Excise. The Customs Tariff of 1907 was amended by c. 38 in the general direction of reducing the rates of customs duty levied upon instruments of production used in agriculture, mining, forestry and fisheries and on materials used in the manufacture of such instruments of production; provision was also made for the extension of the British preferential tariff to territory administered under mandate of the League of Nations by any British country, or for the withdrawal of the preference in such circumstances; in computing the *ad valorem* rate of duty on tea purchased in bond in the United Kingdom, the value for duty is not to include the United Kingdom customs duty payable on tea consumed in that country. By c. 46, the Income War Tax Act of 1917 was amended by increasing the additional exemption allowed for each child from \$300 to \$500; another amendment aimed at the prevention of evasion of the tax by inter-company purchases or sales at more or less than fair prices where the companies concerned are associated in business; provisions were also made with regard to incomes of non-residents carrying on business in Canada, to incomes of partnerships and liens for income tax. By c. 68, the Special War Revenue Act of 1915 was amended so as to reduce the general rate of the sales tax from 6 p.c. to 5 p.c.; in addition, a considerable number of articles, including text-books and instruments of production in the primary industries of the country, were entirely exempted from the tax, while boots and shoes, including rubber footwear, biscuits of all kinds, creosoted railway ties and various other articles were to pay only half the ordinary rate, or 2½ p.c.

In 1925, c. 8 increased the duty on slack coal under the general tariff from 14c. to 50c. per ton, and slightly reduced the duty on other bituminous coal. Grapefruit, imported by direct route from a country to which the preferential tariff applies, were admitted free instead of paying 50c. per 100 lb. Reductions were also made in the rate on well-drilling machinery for deep wells and on engines for the propulsion of boats owned by individual fishermen. By c. 26, various evasions of the stamp tax on cheques were guarded against, while the tax was remitted on cheques not exceeding \$5. Vegetable plants, lasts, patterns and dies for boots and shoes and certain materials used exclusively in the manufacture of engines used in fishing boats and of well-digging machinery were exempted from the sales tax. By c. 46, the lien for income tax enacted in 1924 was repealed, while c. 26 repealed the priority lien for excise tax.

In 1926 various changes were made in the customs tariff by c. 7. Green coffee, spices, nutmegs, mace, arrowroot and sponges were made free under the British preferential tariff, and the preferential rate on pineapples in air-tight cans was reduced from 1¼c. to ½c. per lb. The duties on raw sugar imported for refining were also materially reduced under all tariffs, but so as to increase the British preference. Again, the duties on automobiles were substantially reduced under all tariffs, the rate on the cheaper types of automobile imported under the general tariff being reduced from 35 to 20 p.c., and under the British preferential tariff from 22½ to 12½ p.c. Finally, tin plate was made free under the preferential tariff and reduced from 12½ to 5 p.c. under the general tariff. By c. 10, amending the Income War Tax Act of 1917, the exemption limit was raised from \$2,000 to \$3,000 in the case of married persons or those with dependants, and from \$1,000 to \$1,500 in the case of other persons. The rates of taxation were also reduced all along the line, those with incomes of \$5,000 or less paying only 2 p.c. instead of 4 p.c. or more of their taxable income, the income tax of a married person without dependants being reduced from \$619.50 to \$290 on an income of \$10,000 and from \$3,024 to \$2,530 on an income of \$25,000. The rate of taxation of corporate incomes was reduced from 10 to 9 p.c. The budget speech also announced the abolition of the tax on receipts and the restoration of penny postage, both as from July 1, 1926.

In the session of 1927 the general rate of the sales tax was reduced from 5 to 4 p.c. The rate of the graduated income war tax was also reduced by 10 p.c., so that each taxpayer paid only 90 p.c. of what he would have paid on the same income in the preceding year. The \$500 exemption for children was extended to include those under 21 (instead of 18) years of age dependent upon the taxpayer for support.