

*ad valorem* on commodities imported under the intermediate and general tariffs, certain commodities being excepted. New internal taxes were also imposed on bank circulation, on the income of trust and loan companies, on insurance in other than life and marine companies, on telegrams and cablegrams, railway tickets, sleeping-car berths, etc., also on cheques, postal notes, money orders, letters and post cards. In the following year, the business profits war tax (dropped in 1921)<sup>1</sup> 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. 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 1922 war taxes yielded \$177,484,161, while the yield of the customs fell to \$105,686,645. Again, in 1923 the war taxes yielded \$181,634,875 and customs duties \$118,056,469, in 1924 \$182,036,261 and \$121,500,798, in 1925 \$147,164,158 and \$108,146,871, in 1926 \$157,296,321 and \$127,355,144, in 1927 \$156,167,434 and \$141,968,678. In 1928, however, the customs duties yielded \$156,985,818 as against \$150,319,087 collected by the war taxes, in 1929 \$187,206,332 as against \$145,029,742, in 1930 \$179,429,920 as against \$134,086,005, in 1931 \$131,208,955 as against \$107,320,633, and in 1932 \$104,132,677 as against \$122,266,064 collected by war taxes.

A more detailed sketch of the changes made in taxation from 1914 to 1926 will be found at pp. 755-759 of the 1926 Year Book, while similar information re tax changes in 1927 was given at p. 808 of the 1927-28 Year Book.

**Recent Modifications in the System of Taxation.**<sup>2</sup>—In 1928 the general rate of the sales tax was reduced from 4 to 3 p.c. The rate of the graduated income war tax on individuals was reduced by a further 10 p.c. of the 1926 tax, so that an individual paid only 80 p.c. of what he would have paid on the same income two years before. Similarly, the rate of taxation on the income of corporations and joint stock companies, which had been 10 p.c. two years before and 9 p.c. in 1927, was reduced to 8 p.c. on incomes in excess of \$2,000. The \$500 exemption for children was further extended to include this exemption for sons and daughters over 21 dependent upon the taxpayer for support on account of mental or physical infirmity. The customs tariff was also amended in the direction of reducing the duties upon machinery and other commodities used in production in the mining and fishing industries, on onion plants for propagation, also on disinfecting and spraying preparations in the fruit and horticultural industries, and on press blankets used in the printing and publishing industry. In the textile industries reductions were very generally made on cotton, woollen and other yarns used by manufacturers as the material for further production, also on many finished cotton, woollen, linen, flax, jute, silk and artificial silk products. Also the duty on many types of machinery used in the textile industry was generally reduced or even taken off entirely under the British preferential tariff. For details of these very numerous changes, see c. 17 of the 1928 Statutes.

In 1929 the general rate of sales tax was reduced from 3 p.c. to 2 p.c. The taxes on certain insurance premiums, on cables and telegrams, and on railway and other tickets were also repealed. The tax on sales or transfers of stocks was so modified as to be levied on the actual value rather than the par value of shares

<sup>1</sup> Belated revenue from this tax has been collected in subsequent fiscal years down to 1932 (see Table 8, p. 835).

<sup>2</sup> For modifications in taxation in the years 1922 to 1927 inclusive, see the 1927-28 Year Book, pp. 807-809.