

The special income tax of 10 p.c. levied on the salaries of the judiciary, of the commissioned officers of the Military, Naval and Air Forces, and of the R.C.M.P., is continued in force by c. 15 until Mar. 31, 1934. A further provision prescribes that any person liable to pay the said special tax may elect to be subject to the Salary Deduction Act in lieu thereof.

Income tax exemption is reduced by c. 41 to \$2,000 for married persons, widows or widowers with dependent child, and persons maintaining domestic establishments and supporting persons related by blood, marriage, or adoption. For all other persons the exemption provided is \$1,000. The exemption for a dependent child or grandchild is \$400 and for a dependent parent, grandparent, brother or sister is the actual amount expended up to \$400. A new schedule of rates is provided. Where a husband and wife each have a separate income in excess of \$1,000, they are each allowed an exemption of \$1,000. It abolishes the exemption of \$2,000 afforded corporations and joint stock companies and raises the tax to 12½ p.c. Such companies filing consolidated returns are made subject to a tax of 13½ p.c. on consolidated income. Corporations are exempted from additional tax in respect of incomes in excess of \$5,000. Additional tax of 5 p.c. is imposed on non-residents of Canada in respect of dividends received from Canadian debtors, and interest from Canadian debtors if payable solely in Canadian funds except from bonds of, or guaranteed by, the Dominion of Canada. Additional tax of 5 p.c. is imposed on residents of Canada, except municipalities or municipal or public bodies performing governmental functions, in respect of interest and dividends paid by Canadian debtors to such persons at a premium over par of Canadian funds. Provision is made that where the Minister decides that individual profits of a corporation are in excess of reasonable requirements he may notify the corporation of the amount considered excessive and charge shareholders on same. The property of private investment holding companies is taken out of the operations of s. 19 (1) of the Act as enacted by s. 4 of c. 24, 1930. Persons making payments to non-residents on account of rents or royalties shall deduct from every such payment in excess of an amount to be named by the Minister, 12½ p.c. In computing the amount of profits to be assessed, no deduction is allowed for carrying charges of property, the income from which is exempt, except to the extent that the said charges exceed the exempt income. When any salary, bonus, commission, or director's fee is excessive in the opinion of the Minister, it may be disallowed as an expense. Debtors paying interest on fully registered bonds or debentures are to make a return of interest so paid. An ownership certificate is to be completed before a bearer coupon or warrant is negotiated by or on behalf of a resident of Canada. Several penalty clauses were added to the Act.

National Revenue.—C. 6 is an Act to amend the Customs Tariff, Schedule A, implementing the Canada-United Kingdom Trade Agreement.

The power of the Governor in Council to authorize the Minister to fix the value for duty on goods imported into Canada, under such conditions as injuriously to affect the interests of producers or manufacturers, is withdrawn by c. 7 so far as goods coming under the British preference or any lower tariff is concerned.

C. 8 reduces the excise duty on spirits, when made from unmalted grain or sugar, from \$9 to \$7 per gallon; when made from malted grain, from \$9.02 to \$7 per gallon; when made from molasses syrup, from \$9.03 to \$7 per gallon. The period for which abatement is allowed, for shrinkage by evaporation while maturing, is extended to fifteen years. Excise duty on cigarettes made from raw leaf tobacco is reduced from \$6 to \$4 per thousand.