

mentary Estimates, 1934-35. C. 15 granted \$16,058,144.05, being one-twelfth of the amount of the several items set forth in the Estimates for the said year, and further sums of \$820,889.37 and \$278,083.33, the said sums being one-sixth of the amount of the items set forth in Schedule A to the Act and one-twelfth of the items in Schedule B, respectively. C. 27 provided for \$16,058,144.05 to cover one-twelfth of the items set forth in the Estimates. Further grants towards defraying the expenses of the public service were made under this chapter of: \$1,063,339.90, being one-twelfth of the items set forth in Schedule A; \$82,633.33, being one-third of the items in Schedule B; and \$278,083.33, being one-twelfth of the items in Schedule C. By c. 49 an amount of \$138,642,370.82 was granted to meet the items set forth in the Estimates (Schedule A to the Act), less certain deductions voted in cc. 11, 15 and 27. A further grant was also made of \$2,502,750.01, being three-fourths of the several items set forth in Schedule B. Under s. 4 of this same chapter, the Governor in Council was empowered to raise a loan of \$200,000,000 for public works and general purposes. C. 50 granted the sum of \$16,359,978.34 towards defraying the expenses of the public service set forth in the Schedule to the Act and based on the Supplementary Estimates for 1935-36.

C. 21 amends the Gold Export Act (c. 33 of the Statutes of 1932) by providing that the Bank of Canada may issue licences for export of gold.

By the Loan Act, 1935 (c. 43), the Governor in Council is empowered to raise certain sums of money for the public service by way of loan, principal and interest of same to be a charge on the Consolidated Fund.

The establishment of an exchange fund is provided for by the Exchange Fund Act (c. 60), the aim being to aid in the control and protection of the Canadian monetary unit. The basis of this fund is the profit resulting from the taking over by the Bank of Canada of gold reserves (except when held against liabilities elsewhere than in Canada) of the chartered banks, on the basis established by the Currency Act, and the current market price of such gold. The manner of investment of the fund and how surplus funds are to be dealt with, as well as provision regarding the winding up of the account when expedient and the non-disclosure of information regarding the operation of the account, are laid down.

Income Tax.—C. 22 continues the levy of a special income tax on the salaries of members of the judiciary and commissioned officers of the military, naval and air forces and R.C.M.P. for the fiscal year ending Mar. 31, 1936, the rate being reduced from 10 p.c. to 5 p.c.

C. 40 provides for additional rates on investment income surtax of all such taxpayers other than corporations and joint-stock companies. The corporation income tax is increased from 12½ p.c. to 13½ p.c., and on consolidated returns from 13½ p.c. to 15 p.c. "Earned income", "investment income" and "income bond" or "income bond debenture" are defined. All income in excess of \$14,000, from whatever source, is considered investment income, but under s. 5 all income up to \$5,000, whether "investment income" or "earned income" or both, is not liable to surtax. The income of religious, charitable, agricultural and educational institutions is exempt when no part of the income inures to the personal profit of any proprietor or shareholder. The Minister may in certain circumstances disallow as a deduction expenses payable to controlling companies abroad; losses sustained abroad; dividends on income bonds or income debentures. Under s. 7, the amount of any "earned income" may be reduced when, in the opinion of the Minister, it is not commensurate with the services actually rendered, and such reduction shall be treated as "invest-