

repealed. Conditions of granting other licences under this Part are also modified, especially as regards the conditions of licence for chemical stills. In respect to abatement of spirits warehoused, two additional provisos are added, *viz.*, an abatement not exceeding 2 p.c. may be allowed on deficiencies found in distillery stocks and an abatement not exceeding 3 p.c. of the quantity originally warehoused in wooden barrels may be allowed for wood absorption. Spirits manufactured from native wines, when such spirits are used for fortification purposes, are excluded with gin from spirits which must be warehoused for two years before they may be entered for consumption. With regard to tobacco and cigars, sections of the Act dealing with duties levied on raw leaf imported into Canada are repealed, together with sections dealing with the completion of manufacture of tobacco and cigars, the monthly returns of completed manufacture, and the minimum of cigars to be produced from a stated amount of raw material; the quantities of raw-leaf tobacco, cigars, and cigarettes that may be warehoused or ex-warehoused by a single entry as outlined in s. 267 of the original legislation are modified. The sections of the original legislation relating to foreign raw-leaf tobacco are repealed and the penalties for unlawful removal, sale, or possession of tobacco or cigars are modified.

C. 48 amends the Income War Tax Act (c. 97, R.S.C. 1927). Small loan companies are excluded from the definition of non-resident-owned investment corporations. Taxable income, as defined by Part I of the original legislation, now includes annuities or other annual payments received under the provisions of any will or trust. Subject to certain provisions, dividends received from wholly-owned subsidiary non-resident companies are exempt from tax, also any lump sum payments made by an employer to an employees' superannuation or pension fund. No deductions are to be allowed for royalties paid by non-residents of Canada out of royalties received from Canadian sources. By s. 32A, persons or corporations resident in Canada transacting with persons or corporations resident outside Canada for the purpose of avoiding or reducing liability to taxation shall continue to be liable to such taxation; and by s. 32B any assets distributed by a company to its shareholders without sale or at reduced price shall also be liable to taxation at fair market value to be determined by the Minister. The schedule of rates to be paid on gifts or donations has been revised, ranging now from 5 p.c. on gifts up to and including \$25,000 to 15 p.c. on \$1,000,000. Exemption is provided for gifts or donations, the value of which does not exceed one-half the difference between the income of the taxpayer in the previous year and the income tax payable thereon. The sections dealing with annuities and royalties are applicable to income of 1937 and subsequent periods, those dealing with exemptions and gifts to the income and gifts of 1938 and following, while s. 7 (introducing ss. 32A and 32B) concerning transactions reducing liability to taxation is applicable to income of 1936 and following years.

The Special War Revenue Act (c. 179, R.S.C. 1927 and amendments) is further amended by c. 52 of the Statutes of 1938. The excise tax on change of ownership of shares having a value of exactly one dollar each is raised to $\frac{1}{2}$ cent per share in place of $\frac{1}{10}$ th of 1 p.c. of the value. In calculating sales tax, the definition of 'sale price' is amended to include charges for advertising, financing, servicing, and similar charges contracted for at the time of the sale. Conditions regarding penalties are revised and Schedules II and III enacted by the 1936 amendment Act (c. 45, 1936), are replaced by Schedules I and II, respectively, of this legislation.

Bank of Canada.—The Bank of Canada Act (c. 43 of the Statutes of 1934, as amended by c. 22, 1936) is further amended by c. 42. The capital of the Bank is