

C. 45 is the Gold Clauses Act, 1939. By this statute the Gold Clauses Act, 1937 (c. 33, 1937), is repealed, though its main intent is re-affirmed in the new legislation. It provides that obligations that give the creditor a right to require payment in gold or gold coin are contrary to public policy, and such provisions shall be interpreted as if it contained a covenant to pay its nominal or face amount in currency that is legal tender in the country in the money of which the obligation is payable, or its equivalent in Canadian currency. The Act specifically applies its provisions to obligations incurred in connection with works and undertakings that are subject to the legislative authority of the Parliament of Canada. Any payment in respect of a gold-clause obligation made before the commencement of this Act, but which meets with the requirements laid down in this legislation, shall be deemed to have discharged the obligation.

By c. 48, the Loan Act, 1939, the Governor in Council may raise, by the issue and sale or pledge of securities of Canada, such sums as may be required, not to exceed \$750,000,000, for paying or redeeming loans or obligations of Canada and for purchasing or withdrawing from circulation unmatured securities of Canada, and for public works and general purposes. Principal and interest shall be a charge upon and payable out of the Consolidated Revenue Fund.

National Revenue.—Schedules A and B to the Customs Tariff (c. 44, 1927, and amendments) are amended by c. 41 by striking out certain items enumerated in Sects. 1 and 2 and substituting Schedules A and B of this Act. This Act applies to all goods mentioned in the schedules imported or taken out of warehouse for consumption on or after Apr. 26, 1939, and to goods previously imported for which no entry for consumption was made before that date.

C. 43 amends the Excise Act (c. 52, 1934, and amendments). The excise duty on spirits used in the production of vinegar is raised from twenty-seven cents to sixty cents per gallon from Apr. 26, 1939.

The Income War Tax Act (c. 97, R.S.C. 1927, and amendments) is further amended in a number of respects by c. 46. The definition of "taxpayer" is changed to include any person, even though such person be not liable to pay tax, and the definition of what constitutes "personal and living expenses" is given. Dividends paid to a company incorporated in Canada by a company that has never paid a tax by reason of Sects. 89 and 90 are exempt from taxation (Sect. 89 deals with metalliferous mines; Sect. 90 with capital expenditure allowance). The exemption of \$1,000, which applies to all persons *not* covered by other classes set out in Sect. 5, no longer applies in the case of associations, estates, and trusts. Associations, estates, and trusts are thus placed on the same footing as corporations in this respect. In computing profits or gains to be assessed on Canadian companies, deduction is not permitted for salary, bonus, director's fee, or other like remuneration in excess of \$14,000 paid by a Canadian company to a non-resident unless such non-resident pays tax thereon. Expenses incurred by a corporation to earn non-taxable income shall not be deducted and the Minister shall have power to apportion general expenses between taxable and non-taxable income.

Deduction of the amount of tax paid to the United Kingdom or a foreign country in respect of income derived from sources therein shall not exceed the same proportion of the tax otherwise payable under this Act as that which the taxpayer's net income from such country bears to his net income from all sources, without taking into account certain exemptions provided by this Act.