

In addition, other changes made under these taxes included the granting of the privilege, under the excess profits tax, of increasing the standard profit of a taxpayer by 5 p.c. of the increase in capital employed since 1939, and also the granting of a tax credit equal to 50 p.c. of expenditures incurred in drilling a deep-test oil well in the period between June 26, 1944, and Mar. 31, 1945, which proves to be an unproductive well.

The principal change in other taxes was the removal of the war exchange tax and customs duties on the importation of agricultural implements. The War Exchange Conservation Act, which had prohibited the importation of a long list of items in order to save dollar exchange, was also repealed in so far as these restrictions were concerned. No change was made in excise duties, and under the Special War Revenue Act the only amendment was a minor change in the schedule of tax rates applying to cigars.

Finally, in this Budget the Minister of Finance announced that a Royal Commission would be appointed to inquire into the taxation of annuities, pensions and similar forms of income, and also into the taxation of family corporations. This Commission was subsequently appointed and held public hearings at Ottawa; it submitted its report to the Government in March, 1945.

Borrowings.—It has been necessary for the Dominion to borrow large sums in order to meet that part of its own war expenditures which cannot be met even by heavy taxation, and also to provide funds to the United Kingdom and other countries. There have been regular borrowing operations in addition to the continuing and important War Savings Campaign and the receipts of non-interest-bearing loans from public-spirited citizens. These are summarized at p. 946, Table 23.

Subsection 1.—The Current Balance Sheet of the Dominion

The composition of the Dominion Balance Sheet was revised in the fiscal year 1943-44. The aim has been to indicate more accurately the character of the asset and liability accounts.

Until this revision, the Dominion Balance Sheet had remained substantially unchanged in form since 1920. The changes of content during the past twenty-odd years have been great, especially those of the war years. The Balance Sheets for the years 1940-44 shown in Table 5 are presented on the basis of the 1943-44 revision. On the asset side, accounts that have been classified as *active* assets are shown; these represent cash or investments that are interest-producing or have a readily realizable cash value. On the liability side, such liabilities as have been ascertained and brought into the accounts are given. No liability is shown for interest accrued but not due, nor for current obligations incurred for supplies or services but not paid for at the end of the fiscal year. Indirect liabilities under guarantees are not reflected in the Balance Sheets, but are set out in a special schedule. (See p. 951.)

The excess of liabilities over active assets, designated the *net debt*, is analysed in a statement appended to the Balance Sheet, and is apportioned to non-active assets, which include capital expenditures and non-productive investments, and to accumulated deficits in Consolidated Fund.