

taxes (with certain exceptions) becoming due and payable after Sept. 1, 1941. The agreements will continue in force for varying periods depending upon the completion of each provincial fiscal year after September, 1945. Any province upon thirty days' prior written notice may terminate its agreement with the Dominion on the last day of the province's fiscal year.

Annual payments to British Columbia, Alberta, Manitoba, Ontario and Quebec are at present based upon the revenues which the provinces and their municipalities obtained from the personal income tax and corporation tax fields during the fiscal year ended nearest to Dec. 31, 1940. Annual payments to Nova Scotia, New Brunswick, Prince Edward Island and Saskatchewan are based on the net cost of servicing the provincial debt in the fiscal year ended nearest to Dec. 31, 1940 (not including contributions to sinking funds), less the revenues obtained by the province from succession duties in the said year. The agreements further provide for the payment of additional subsidies as follows: Prince Edward Island, \$473,174; New Brunswick, \$371,493; Manitoba, \$600,000; Saskatchewan, \$1,500,000; Nova Scotia, \$325,769; a total of \$3,234,437.

The total amounts of the above-described annual payments to the provinces provided for under the Act are shown in Table 21. It is provided, however, that in any year there are to be deducted from such payments any net collections (after refunds to taxpayers and certain collection charges) made by the provinces on account of the taxes renounced in favour of the Dominion. The agreements limit the aggregate amounts that may be so deducted. In each case an amount equivalent to the deductions so made is to be paid to the province within thirty days after the termination of its agreement with the Dominion.

In addition, the agreements provide that the Dominion shall pay, with respect to each year of the agreements to each province, the amount by which the net receipts from gasoline taxes for said year are less than the amount received from this source in the fiscal year ended nearest to Dec. 31, 1940.\* The Dominion also guarantees provincial revenues from the sale of alcoholic beverages at the levels of the basic period, June 30, 1941-June 30, 1942.

Table 21 shows the amount of the annual payments to the provinces as compensation for their vacation of the income and corporation tax fields and also the gasoline tax revenues of the provinces in their respective fiscal years ended nearest to Dec. 31, 1940.

\* Provincial Government receipts from gasoline taxes for the fiscal years 1930-44 are given at p. 938.

**21.—Compensation to Provinces in Lieu of Income and Corporation Tax Revenue and Basis of Guarantees re Provincial Gasoline Taxes**

Province	Annual Payment in Lieu of Income and Corporation Tax	Guarantee of Revenue from Gasoline Taxes, 1940 <sup>1</sup>
Prince Edward Island.....	\$ 701,944	\$ 307,902
Nova Scotia.....	2,911,078	2,853,364
New Brunswick.....	3,650,067	2,101,072
Quebec.....	20,586,075	11,803,248
Ontario.....	28,964,040	26,608,290
Manitoba.....	5,654,741	2,678,149
Saskatchewan.....	5,830,471	3,397,279
Alberta.....	4,080,861	3,221,976
British Columbia.....	12,048,367	3,763,626
<b>Totals.....</b>	<b>\$4,427,644</b>	<b>\$6,734,906</b>

<sup>1</sup> Provincial fiscal years ended nearest to Dec. 31, 1940.