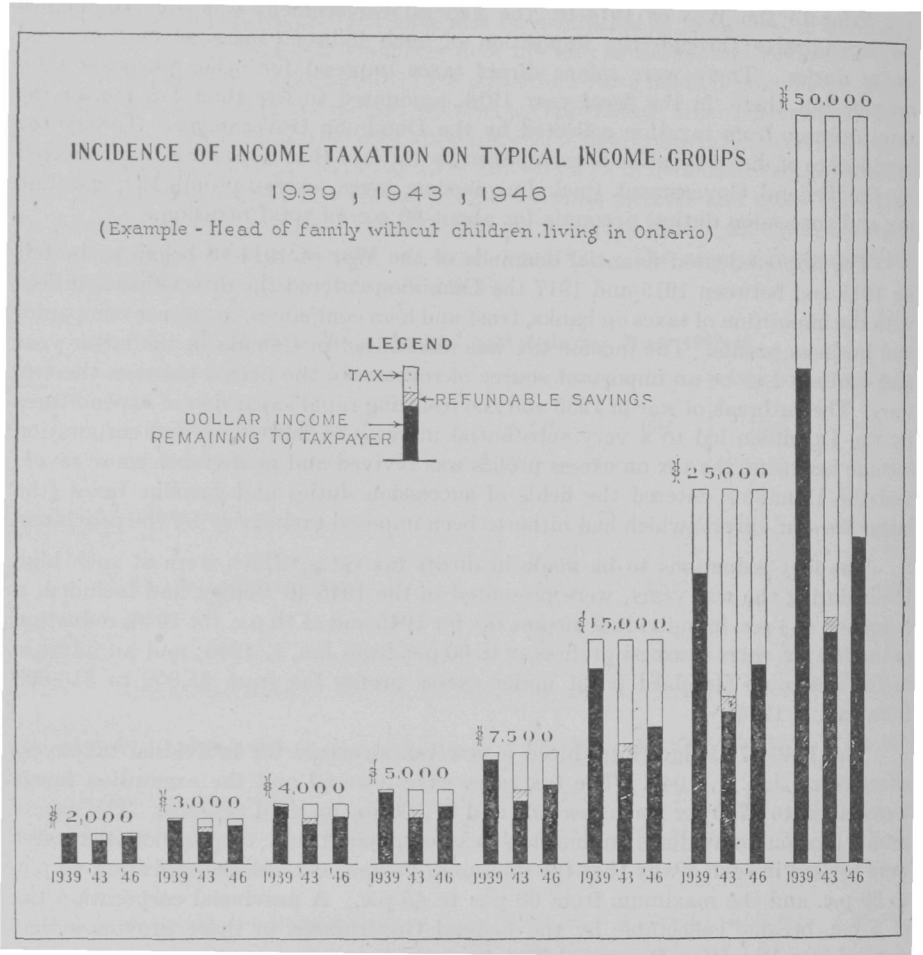


In order to present a clearer picture of the main elements of direct or semi-direct taxation, Part IV has been divided into three Sections, dealing with income tax, gasoline taxes and succession duties, respectively.



NOTE.—For the year 1939, the taxes are the total collected by the Dominion and the Province of Ontario. For this year, the Dominion taxed all income over \$14,000, whether estimated or earned, at the official rates applying to investment income. For the years 1943 and 1946, income up to \$30,000 was considered as earned and income over this limit was classified as investment income.

Section 1.—Income Tax*

The income tax was instituted in 1917, as a part of what was known as war-tax revenue. Before the outbreak of the War of 1939-45 it had become a permanent and important part of the taxation structure, and the chief source of raising ordinary revenue. In many respects, it is an ideal form of direct taxation: in theory its incidence is admittedly fair and just, and the experience and machinery for the collection of this tax has been built up over a long period of years. The War, with its

* More detailed information is given in the report "Taxation Statistics" published in September, 1947, by the Taxation Division, Department of National Revenue, Ottawa.