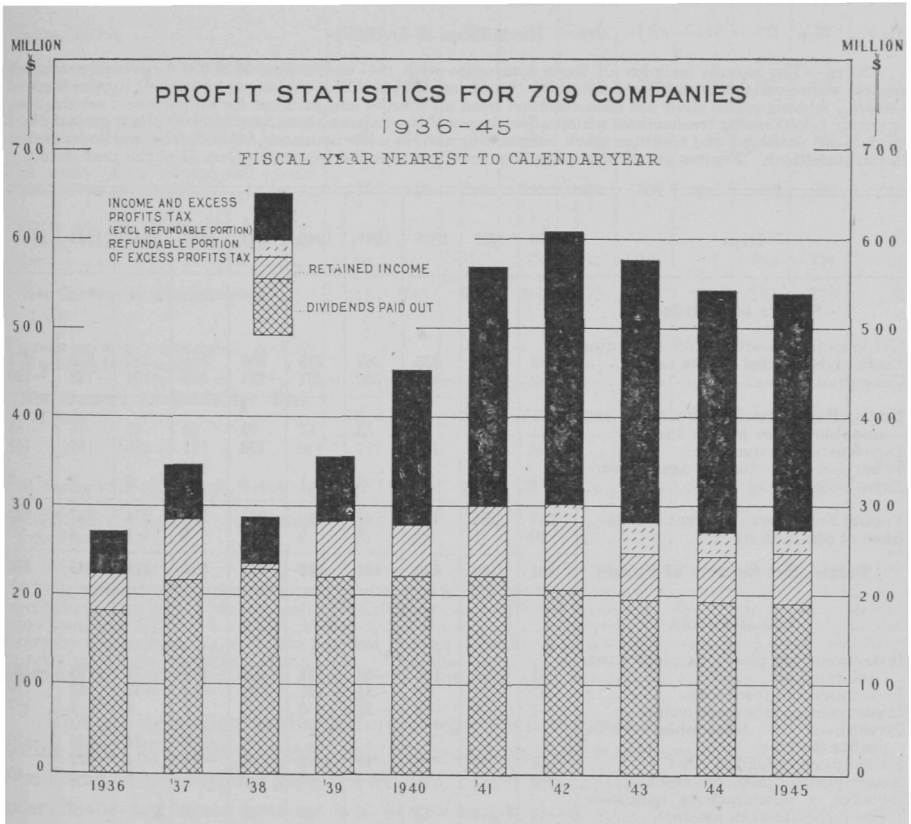


The ordinary corporation income tax during the war years and up to Jan. 1, 1947, was 18 p.c. of net profits and there was also a minimum tax on all corporate incomes of 22 p.c. under the Excess Profits Tax Act, making an aggregate flat-rate tax of 40 p.c. Up to Jan. 1, 1946, the excess profits tax took 100 p.c. of profits in excess of 116 $\frac{2}{3}$ p.c. of standard profits with 20 p.c. refundable; since Jan. 1, 1946, excess profits taxation has taken 20 p.c. (in addition to the 40 p.c. flat rate) in excess of 116 $\frac{2}{3}$ p.c. of standard profits. The Budget of June 27, 1946, provided for a flat rate of 30 p.c. (to replace the 18 p.c. and 22 p.c. basic rates) and the reduction of the 20 p.c. excess profits rates to 15 p.c., as from Jan. 1, 1947.

These rates are to remain in effect to Dec. 31, 1947, after which the 15 p.c. excess profits tax is to be abolished. The Provinces of Quebec and Ontario, which have not (at September, 1947) entered into new taxation agreements with the Federal Government, have imposed flat rates of 7 p.c. each, on profits of companies operating within their boundaries.



Under the new agreements with the Dominion the provinces are permitted to impose a 5 p.c. tax on the income of a corporation attributable to its operations in the province. This tax will first apply to income of the year 1947. At the time of writing (September, 1947), seven provinces had entered into an agreement with the Dominion and all had imposed the 5 p.c. corporation income tax.