

Up to June, 1940, annuity payments were, with certain exceptions, exempt from taxation under the Income War Tax Act. Under contracts issued after that date, income was fully taxable until the Act was amended in 1945. Under that amendment, the capital element in contractual annuities issued since June, 1940, was declared exempt from taxation, the portion representing interest being subject to tax as income. The change applies to income of 1945 and subsequent years.

2.—Government Annuities Contracted, and Purchase Money Received, Years Ended Mar. 31, 1926-48

NOTE.—Figures for the years 1909 to 1925 will be found at p. 873 of the 1942 Year Book.

Year	Contracts and Certificates	Purchase Money Received	Year	Contracts and Certificates	Purchase Money Received
	No.	\$		No.	\$
1926.....	668	1,938,921	1938.....	5,724	13,550,483
1927.....	503	1,894,885	1939.....	8,518	18,189,319
1928.....	1,223	3,843,088	1940.....	9,014	20,001,533
1929.....	1,328	4,272,419	1941.....	11,994	18,803,645
1930.....	1,257	3,156,475	1942.....	8,593	19,630,645
1931.....	1,772	3,612,234	1943.....	9,608	20,415,365
1932.....	1,726	4,194,384	1944.....	19,354	26,600,098
1933.....	1,375	3,547,345	1945.....	15,796	33,076,436
1934.....	2,412	7,071,439	1946.....	25,538	46,954,536
1935.....	3,930	13,376,400	1947.....	43,585	72,009,764
1936.....	6,357	21,281,981	1948.....	40,945	75,067,827
1937.....	7,806	23,614,824			

3.—Government Annuities Fund Statements, Years Ended Mar. 31, 1943-48

Item	1943	1944	1945	1946	1947	1948
	\$	\$	\$	\$	\$	\$
Assets						
Fund at beginning of fiscal year.....	172,911,035	190,298,479	213,561,537	243,537,624	287,492,656	357,161,953
Receipts during the year, less payments.....	17,387,444	23,263,058	29,976,087	43,955,032	69,669,297	72,356,282
Fund at end of fiscal year...	190,298,479	213,561,537	243,537,624	287,492,656	357,161,953	429,518,235
Liabilities						
Value of outstanding contracts.....	190,298,479	213,561,537	243,537,624	287,492,656	357,161,953	429,518,235
Receipts						
Immediate annuities.....	5,475,992	5,688,944	7,686,992	12,857,728	21,322,796	20,874,824
Deferred annuities.....	15,026,136	21,020,193	25,676,877	34,470,916	51,060,176	54,748,242
Interest on fund.....	7,026,977	7,802,409	8,826,238	10,193,045	12,333,806	15,250,733
Amount transferred to maintain reserve.....	497,790	32,181	257,288	293,798	977,070	331,857
Totals, Receipts.....	28,026,895	34,543,727	42,447,395	57,815,487	85,693,848	91,205,656
Payments						
Payments under vested annuity contracts.....	10,147,590	10,849,633	11,724,554	12,938,362	14,951,693	17,588,142
Return of premiums *with interest.....	405,098	321,996	459,321	547,985	699,651	705,993
Return of premiums without interest.....	86,763	109,040	287,433	374,108	373,207	555,239
Totals, Payments....	10,639,451	11,280,669	12,471,308	13,860,455	16,024,551	18,849,374