

20.—Subsidy Allowances to Provincial Governments, July 1, 1867 to Mar. 31, 1948

Province	Allowances for Government	Allowances on Basis of Population	Special Grants ¹	Interest on Debt Allowances ²	Total ³
	\$	\$	\$	\$	\$
Prince Edward Island.....	5,120,000	6,447,115	7,121,623	3,107,110	21,795,848
Nova Scotia.....	10,190,000	29,420,534	2,126,980	3,921,500	45,659,014
New Brunswick.....	9,550,000	22,625,548	12,780,000	1,768,144	46,723,692
Quebec.....	12,640,000	115,497,308	-	6,981,242	135,118,550
Ontario.....	13,040,000	139,400,207	-	6,879,907	159,320,114
Manitoba.....	9,395,000	24,864,382	27,769,233	18,692,798	80,721,413
Saskatchewan.....	8,576,667	25,406,884	35,562,500	17,431,125	86,977,176
Alberta.....	7,951,667	20,788,073	31,375,000	17,431,125	77,545,865
British Columbia.....	9,000,000	20,645,262	8,700,000	2,254,415	40,599,677
Totals.....	85,463,334	405,095,313	125,435,336	78,467,366	694,461,349

¹ See text at p. 981.
Grants" (see text following).

² Allowances in lieu of debt.

³ Does not include "Additional Special

Additional Special Grants.—Special grants were voted annually to the Maritime Provinces, Manitoba, Saskatchewan and British Columbia up to 1941.

These additional special grants were suspended with the coming into force of the Dominion-Provincial Taxation Agreements. Rent will be paid in 1947 and later years in the case of the three Maritime Provinces under the provisions of the Maritime Additional Subsidies Act, 1942.

Dominion-Provincial Taxation Agreements.—The Dominion-Provincial Tax Rental Agreements Act, 1947, authorized the Federal Government to enter into Agreements with the provinces by which, in return for compensation, the Provincial Governments would agree to refrain from levying certain direct taxes for a period of five years. These Agreements are successors to the Wartime Agreements which have lapsed (see pp. 900-901 of the 1946 Year Book). By October, 1948, seven provinces—Prince Edward Island, Nova Scotia, New Brunswick, Manitoba, Saskatchewan, Alberta, and British Columbia—had made new Agreements with the Dominion. The Yukon Territory had made an Agreement similar to those made by the provinces.

The main purposes of these Agreements are to establish a more equitable system of taxation throughout Canada by reducing duplication of direct taxation and duplication of machinery for the collection of direct taxes, to give a greater measure of stability to the revenues of the provinces, and to enable the Federal Government, along with the Provincial Governments, to carry out national policies intended to maintain high levels of employment and production.

The Agreements continue the basic provisions of the Wartime Taxation Agreements, under which the provinces and their municipalities withdrew their income taxes, corporation income taxes and corporation taxes in return for compensation from the Federal Government (pp. 900-901 of the 1946 Year Book). There are, however, some additional provisions in the new Agreements which have resulted from the negotiations carried on between the governments in 1945 and 1946 at the Dominion-Provincial Conference meetings and since the Budget offer of June, 1946. The main features of this offer which have been embodied in the Agreements are outlined at pp. 883-884 of the 1946 Year Book.

The provinces are required, under the Agreements, to refrain from levying certain direct taxes, with the exception that they are permitted to impose a corporation income tax of 5 p.c. on the income of corporations attributable to