

42.—Debenture Principal and Interest Due, 1943-46—concluded

Province and Item	1943	1944	1945	1946
	\$	\$	\$	\$
Alberta—				
Principal and interest past due (municipal).....	655,186	445,145	534,533	451,455
Principal and interest past due (schools).....	231,978	178,199	130,529	57,423
Totals, Alberta.....	887,164	623,344	665,062	508,878
British Columbia—				
Principal and interest past due.....	525,460	495,570	507,487	789,033
Grand Totals.....	53,746,209	16,271,126	11,136,823	1

¹ At time of publication, 1946 figures for Quebec were not available.

PART II.—DEVELOPMENTS IN THE TAXATION FIELD

Prior to the First World War, the Federal Government was able to finance its expenditures through the imposition of such indirect taxes as customs and excise duties. There were minor direct taxes imposed for other purposes than revenue but these, in the fiscal year 1914, amounted to less than 1.5 p.c. of the total revenue from taxation collected by the Federal Government. To-day, direct taxation accounts for about 46 p.c. of Federal revenue.

The unprecedented financial demands of the First World War began to be felt by 1915 and between 1915 and 1917 the Federal Government entered the direct-taxation field with the imposition of taxes on banks, trust and loan companies, insurance companies and business profits. The income tax was introduced in Canada in the latter year and continued to be an important source of revenue in the period between the two wars. The outbreak of war in 1939 and the resulting rapid expansion of expenditures by the Government led to a very substantial increase in individual and corporation income tax rates, the tax on excess profits was revived and made much more severe and the Federal Government entered the fields of succession duties and gasoline taxes (the latter are semi-direct) which had hitherto been imposed exclusively by the provinces.

The first reductions to be made in direct tax rates, which were at such high levels during the war years, were presented in the 1945-46 Budget and included: a reduction of 4 p.c. in individual income tax for 1945 and of 16 p.c. for 1946; reduction of the 100 p.c. rates of excess profits tax to 60 p.c. from Jan. 1, 1946; and an increase in the minimum standard profit under excess profits tax from \$5,000 to \$15,000 from Jan. 1, 1946.

The 1946-47 Budget introduced a new tax structure for individual taxpayers effective on Jan. 1, 1947. The tax rates were lowered and the exemption levels were raised to \$750 for single persons and \$1,500 for married persons. The excess