

credit noted above, this change removed substantially all the double taxation of those corporations whose earnings were not in excess of \$10,000. The rate of tax on corporation income over \$10,000 was raised to 33 p.c. The carry-forward of losses was extended from three years to five years. The regulations on depreciation were changed to recognize obsolescence.

19.—Collections under the Income War Tax Act, Years Ended Mar. 31, 1935-49

(Tax and Applicable Section of the Act)

NOTE.—Figures for the years 1919-34 will be found at p. 966 of the 1947 Year Book.

Year	General Income Tax		Tax on Dividends and Interest Sect. 9 ^b	Tax on Rents and Royalties Sect. 27	Gift Tax Sect. 8 ^c	Total ¹
	Individuals Sect. 9-1	Corporations Sect. 9-2				
	\$	\$	\$	\$	\$	\$
1935.....	25,201,392	35,790,239	5,816,435	—	—	66,808,066
1936.....	32,788,746	42,518,971	7,207,601	—	194,485	82,709,803
1937.....	35,358,302	58,012,843	8,910,014	—	84,083	102,365,242
1938.....	40,070,942	69,768,605	10,152,088	—	373,897	120,365,532
1939.....	46,591,449	85,185,887	9,903,046	—	345,756	142,026,138
1940.....	45,008,858	77,920,002	11,121,632	—	398,074	134,448,566
1941.....	75,636,231	131,565,710	12,282,259	759,957	226,847	248,143,022 ²
1942.....	189,237,538	185,835,699	26,642,106	1,626,669	264,258	510,243,017 ³
1943.....	533,915,059	347,969,723	26,710,946	1,369,851	223,093	910,188,672
1944.....	809,570,762	311,378,714	25,670,804	1,272,389	1,546,633	1,151,757,035 ⁴
1945.....	763,896,322	276,403,849	27,052,692	1,546,445	532,599	1,072,758,068 ⁵
1946.....	689,506,763	217,833,540	26,823,894	1,485,725	770,369	937,729,273 ⁶
1947.....	691,989,231	196,819,253	28,428,143	1,708,003	1,538,888	963,458,245 ⁷
1948.....	656,873,403	351,535,006	33,928,935	1,960,093	2,268,845	1,059,848,357 ⁸
1949.....	760,151,970	488,549,610	40,965,426	2,480,337	1,632,930	1,297,999,404 ⁹

¹ These figures include the estimated refundable portion and therefore do not agree with the totals given in Table 10. ² Includes national defence tax amounting to \$27,672,018. ³ Includes national defence tax amounting to \$106,636,747. ⁴ Includes 1942 deferred tax amounting to \$2,317,733. ⁵ Includes 1942 deferred tax amounting to \$3,326,161. ⁶ Includes 1942 deferred tax amounting to \$1,308,982. ⁷ Includes 1942 deferred tax amounting to \$1,002,027 and tax on private companies amounting to \$41,972,700. ⁸ Includes 1942 deferred tax amounting to \$685,967 and tax on private companies amounting to \$12,596,108. ⁹ Includes 1942 deferred tax amounting to \$778,617 and tax on private companies amounting to \$3,440,514.

Subsection 4.—Subsidies and Loans to Provinces

Subsidies.—By the provisions of the British North America Act and subsequent arrangements entered into from time to time, the Federal Government makes certain annual payments to the provinces: these are summarized as follows:—

Interest on Debt Allowances.—By the terms of the union of the provinces at Confederation in 1867, the Federal Government assumed all the outstanding debts and liabilities of the provinces and undertook to pay, except in the case of Ontario and Quebec, interest at 5 p.c. on the amounts by which the actual per capita indebtedness of the provinces fell short of a basic debt allowance calculated at approximately \$25 per capita. On the subsequent entry of additional provinces into Confederation, similar arrangements were effected regarding the assumption of their pre-Confederation indebtedness. From time to time, adjustments have been made in the basis of calculating the debt allowances of provinces; moreover, the Federal Government pays interest at 5 p.c. per annum on the amounts by which the actual debts of the provinces, on their entry into Confederation, fell short of the allowed debts as adjusted. The aggregate annual payment by the Federal Government to the provinces in respect of interest on debt allowances is \$1,609,386.