

was \$2,410,000,000. The estimated surplus was accordingly \$20,000,000. These forecasts compare with actual revenue in 1949-50 of \$2,580,140,615, actual expenditures of \$2,448,615,662, and a surplus of \$131,524,953.

The principle features of the tax changes were:—

Corporation Income Tax.—Legislation was introduced to permit closely held companies to pay a flat 15-p.c. tax on undistributed income and thus create a fund which would be tax free on receipt by the shareholders of such companies when made available under specified conditions.

Excise Taxes.—Purchases by* certain defined classes of institutions caring for orphans, the aged and the incapacitated were made exempt from the sales tax from July 1, 1950.

Ice cream, drinks prepared from fresh milk, and prepared whipping cream were made exempt from the sales tax.

The excise tax of 5 p.c. on toilet soaps was repealed.

Loss in Revenue.—It was estimated that the loss in revenue from the tax reductions would not exceed \$3,000,000. It was not possible to predict the revenue from the new 15-p.c. tax available to closely held companies in respect of accumulated earnings but it was expected to be at least sufficient to offset the loss in revenue from the tax reductions.

Subsection 1.—Balance Sheets of the Federal Government

Table 7 gives the balance sheets of the Federal Government for 1946-50. Figures in earlier Year Books are not on a basis comparable to those in the present Table 7. On the asset side, accounts classified as *active* assets are shown; these represent cash or investments that are interest-producing or have a readily realizable cash value. On the liability side, such liabilities as have been ascertained and brought into the accounts are given. No liability is shown for interest accrued but not due, nor for current obligations incurred for supplies or services but not paid for at the end of the fiscal year. Indirect liabilities under guarantees are not reflected in the balance sheets, but are set out in a special schedule. (See p. 1013.)

The excess of liabilities over active assets, designated the *net debt*, is analysed in a statement appended to the Balance Sheet, and is apportioned to non-active assets, which include capital expenditures and non-productive investments, and to accumulated deficits in Consolidated Deficit Account.

7.—Balance Sheet of the Federal Government as at Mar. 31, 1946-50

Assets	1946	1947	1948	1949	1950
	\$	\$	\$	\$	\$
Active Assets—					
Cash in current and special deposits.....	808,611,429	484,545,825	38,041,758	90,671,289	143,420,566
Other Liquid Assets—					
Foreign Exchange Control Board—					
Cash and securities.....	1,550,000,000	841,192,875	621,192,875	1,071,192,875	1,250,000,000
Securities investment account	151,539,571	276,366,554	672,949,438	455,769,619	18,690,528
Sinking Funds.....	—	—	—	—	7,991,103
Working Capital Advances—					
Departmental.....	9,327,530	32,506,611	29,051,209	21,919,461	41,714,212
Crown corporations.....	96,859,199	46,910,985	32,224,723	20,705,421	16,813,487
Totals, Liquid Assets.....	2,616,337,729	1,681,522,850	1,393,459,003	1,660,258,665	1,478,634,896