

to allow an additional exemption of \$500 to taxpayers over 65 years of age and the sales tax was amended to exempt substantially food items not previously exempt. In addition, excise taxes on admission to places of amusement and on expenditure in other places of entertainment as well as the tax on pari-mutuel bets were repealed. The Succession Duty Act, as amended effective from Jan. 1, 1948, exempted from duty all estates under \$50,000. Changes were made also in the customs tariff in accordance with the General Agreement on Tariffs and Trade concluded at Geneva in 1947.

Canada's exchange difficulties improved sufficiently to permit the withdrawal on July 31, 1948, of all the special excise taxes levied the previous November.

The final accounts for the year 1948-49 showed expenditure of \$2,176,000,000, the lowest in the post-war period under review. Revenue for the year amounted to \$2,771,000,000, resulting in a surplus of \$595,000,000.

The Budget for 1949-50, presented to Parliament in March 1949, brought further important tax reductions. Effective from Jan. 1, 1949, the exemptions for personal income tax were raised to \$1,000 for single status and \$2,000 for married status and the schedule of rates was reduced for all levels of taxable income. The flat rate of 30 p.c. on corporations was changed to 10 p.c. on profits up to \$10,000 and 33 p.c. on profits in excess of \$10,000. As a step towards removing the double taxation of corporate earnings a provision was introduced permitting individuals to deduct from their income tax an amount equal to 10 p.c. of their net dividend income from Canadian taxpaying corporations. The excise taxes on soft drinks, candy and chewing gum, transportation tickets and long-distance telephone calls, telegrams and cables were repealed. The excise taxes on a group of items including toilet articles, luggage, smokers' supplies and matches, were reduced to 10 p.c. The 25 p.c. retail purchase tax on jewellery, clocks, watches, plated-ware and similar items was changed to a 10 p.c. excise tax on the manufacturer's price.

As Parliament was dissolved before the tax changes proposed in the Budget became law these measures were introduced again to Parliament in October 1949, approximately in the same form. In addition, the sales tax was removed from fuel-oil used for heating or lighting in homes or in industry, effective from Oct. 20, 1949.

Increased costs of social security and national defence and the entry of Newfoundland into Confederation resulted in the fiscal year 1949-50 showing a reversal in the trend of lower expenditure for each year following the end of the War. Expenditure for the year amounted to \$2,449,000,000, an increase of \$273,000,000 over the previous year. Revenue amounted to \$2,580,000,000, giving a surplus of \$131,000,000 for the fiscal year 1949-50.

The Budget for 1950-51, presented to Parliament in March 1950, forecast almost equal expenditure and revenue of \$2,410,000,000 and \$2,430,000,000, respectively, for the fiscal year. As a result, only minor tax changes were proposed, including a provision, under the Income Tax Act, for closely held companies to pay a 15 p.c. tax on their undistributed income. Changes were made also under the Excise Tax Act by adding ice cream and drinks prepared from fresh milk to the items