

taxable at 25 p.c. and a new 15 p.c. tax was levied on refrigerators, stoves and washing machines. The 30 p.c. excise tax on candy, confectionery and chewing gum, proved by experience to be too severe, was reduced to 15 p.c. A very important change was made by increasing the sales tax rate from 8 p.c. to 10 p.c.

The Old Age Security Act passed in November 1951, provided for pensions to persons 70 years of age or over; and it became necessary to levy taxes to provide a fund from which these pensions would be paid. Under authority of the Old Age Security Act, a tax of 1 p.c. with a maximum of \$30 was levied on personal incomes for 1952 to become 2 p.c. with a maximum of \$60 thereafter. A tax of 2 p.c. was levied on the income of corporations commencing Jan. 1, 1952. The sales tax, levied under the Excise Tax Act, was reduced from 10 p.c. to 8 p.c. commencing Jan. 1, 1952, but a 2 p.c. sales tax was levied as an old age security tax from the same date.

At the end of 1951-52 the accounts showed that the tax structure had produced total revenue of \$3,981,000,000 (\$4,007,000,000 including the revenue from old age security taxes). Expenditure for the year amounted to \$3,733,000,000, giving a budgetary surplus of \$248,000,000.

The Budget for 1952-53, presented to Parliament in April 1952, consolidated and adjusted some of the temporary tax increases introduced in the previous year. The 20 p.c. defence surtax on personal income was repealed but a new schedule of rates was introduced effective from July 1, 1952, which incorporated over two-thirds of the weight of the surtax. The rate of tax on corporation income was changed to incorporate the 20 p.c. defence surtax as well as the 5 p.c. corporation income tax formerly levied by provinces which had entered into tax rental agreements. As a result of these changes the rates of tax on 1952 incomes of corporations (not including the 2 p.c. old age security tax) became 20 p.c. on the first \$10,000 plus 50 p.c. on the excess over \$10,000 with a credit against the tax of an amount equal to 5 p.c. of the profits earned in provinces which continue to levy a corporation income tax. The tax on cigarettes was reduced by \$1.50 per 1,000 to return this tax to its previous level, and minor adjustments were made in the other tobacco taxes. The tax on goods bearing an excise tax of 25 p.c. under the Excise Tax Act was reduced to 15 p.c., the tax of 30 p.c. on soft drinks was reduced to 15 p.c., and the 15 p.c. tax on stoves, refrigerators and washing machines was repealed.

Subsection 1.—Balance Sheets of the Federal Government

Table 7 shows the balance sheets of the Federal Government for 1949-52 but these figures are not on a basis comparable to those in earlier Year Books. 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 are given as have been ascertained and brought into the accounts. 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. 1063.)

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 expenditure and non-productive investment, and to accumulated deficits in the Consolidated Deficit Account.