

and corporations under the excess profits tax. Repayment of the refundable portion of personal income tax was completed in 1949 and the refundable portion of excess profits tax was repaid by March 1952.

Since the end of the War, the weight of individual income tax was reduced each year up to and including 1949 and higher exemption allowances were given. However, the expansion of personal incomes and the growth of the labour force offset to a considerable extent the effect of the reduction in rates. Following the outbreak of war in Korea in 1950, rising defence costs increased the rates of personal income tax. A defence surtax of 20 p.c. was introduced in 1951-52 but this applied at the rate of 10 p.c. to 1951 incomes. The Budget of 1952-53 announced a new schedule of rates that incorporated the greater part of the 20 p.c. defence surtax.

Taxes on corporation incomes were reduced following the end of World War II. Excess profits tax rates were also reduced and finally ceased to apply after Jan. 1, 1948. Concurrently with the ending of the excess profits tax, corporation income tax rates were raised from 18 p.c. to 30 p.c.

To help small businesses the tax rate on the first \$10,000 of profits was reduced to 10 p.c. in 1949 but, at the same time, the rate on profits in excess of \$10,000 was increased to 33 p.c. In 1950-51 it became necessary to increase sharply the rates of tax on corporation profits and, following the Budget of 1952-53, the rates became 20 p.c. on the first \$10,000 of profits, plus 50 p.c. on the excess over \$10,000, with a credit against the tax equal to 5 p.c. of the profits earned in provinces which continued to levy a corporation income tax.

Details of income tax changes in the Budgets of 1945-46, 1946-47, 1947-48 and 1948-49 are given at pp. 1008-1009 of the 1948-49 Year Book. Details of the tax changes in the 1949-50 Budget are given at p. 1002 of the 1950 Year Book. The change made in income tax rates in the 1950-51 Budget concerned corporation taxes only and is given at p. 979 of the 1951 Year Book. Changes made in the 1951-52 and 1952-53 Budgets are given at pp. 1029-1030.

The tax on dividends and interest and on rents and royalties is levied at the rate of 15 p.c. on payments going to non-residents of Canada. The payments subject to tax include income from an estate or trust, alimony payments, rents from real property, and rents, royalties or similar payments for the use in Canada of property, trade names or inventions. There is no non-resident tax on interest from Government of Canada bonds or bonds guaranteed by the Government of Canada or where the interest is payable in other than Canadian currency. Where the payments are for interest from bonds of, or guaranteed by, a province of Canada or are dividends paid by a wholly owned subsidiary to its parent company outside Canada the rate of tax is only 5 p.c.

The gift tax is imposed at the rate of 10 p.c. on gifts of up to \$5,000 and at rates varying from 11 p.c. to 28 p.c. on gifts from \$5,000 to \$1,000,000 or over.

Income tax revenue in Table 17 is as shown in the *Public Accounts* and represents collections made by the Taxation Division of the Department of National Revenue under the authority of the Income War Tax Act (R.S.C. 1927, c. 97) as amended and the Income Tax Act (11-12 Geo. VI, c. 52).\*

\* The Income Tax Act assented to June 30, 1948, superseded the Income War Tax Act.