

Section 3.—Corporation Profits and Income to Shareholders

Estimates of corporation profits presented in this Section cover all Canadian corporations. The figures for the years 1944 to 1951 are based on the reports, *Taxation Statistics*, published annually by the Taxation Division, Department of National Revenue, Ottawa. Prior to 1944, corporation financial statistics were made the subject of a comprehensive study in the Department of National Revenue.

Profits before taxes of Canadian corporations are shown in Table 14 for selected years 1926-52. From a peak of \$530,000,000 in 1929, they dropped to \$17,000,000 in 1932 and then, with the exception of a decline in 1938, rose steadily from 1932 to 1942, the wartime peak. Since 1944, they have risen fairly steadily, with declines in 1949 and 1952. In the latter year, corporation profits before taxes were \$2,640,000,000, down \$170,000,000 from the record high in 1951.

Corporation profits taxes, which were relatively low during the period 1926 to 1939, ranged from 40 p.c. to 50 p.c. of profits during the war period. After the War they dropped to 35 p.c. of profits in 1948, but were again over 50 p.c. in both 1951 and 1952. It should be noted that the 1951 and 1952 tax figures include the elective tax on undistributed income, which began only in 1950. Tax liabilities were \$1,372,000,000 in 1952.

Dividends paid by corporations (excluding dividends paid to other Canadian Corporations) reached a peak in 1950 of \$681,000,000 and declined in both 1951 and 1952 to \$634,000,000 in 1952. Undistributed corporation profits also declined from 1950 to 1952 because of the sharp increase in taxes from 1950 to 1951 and the drop in profits in 1952.

14.—Profits, Taxes and Dividends of Canadian Corporations, Selected Years, 1926-52

(Millions of dollars)

| Item | 1926 | 1929 | 1932 | 1939 | 1942 | 1944 | 1946 | 1949 | 1950 | 1951 | 1952 |
|--|------|------|------|------|-------|-------|-------|-------|--------------------|--------------------|-------|
| Corporation profits before taxes ¹ | 403 | 530 | 17 | 689 | 1,292 | 1,221 | 1,455 | 1,906 | 2,506 ² | 2,810 ² | 2,640 |
| Deduct: income and excess profits taxes ² | 34 | 48 | 32 | 115 | 629 | 598 | 654 | 731 | 981 ² | 1,429 ² | 1,372 |
| Corporation profits after taxes..... | 369 | 482 | -15 | 574 | 663 | 623 | 801 | 1,175 | 1,525 ² | 1,381 ² | 1,268 |
| Deduct: dividends paid and charitable donations..... | 190 | 271 | 157 | 302 | 308 | 282 | 390 | 568 | 681 | 660 ² | 634 |
| Undistributed corporation profits..... | 179 | 211 | -172 | 272 | 355 | 341 | 411 | 607 | 844 ² | 721 ² | 634 |

¹ Includes corporate taxable income, depletion charges and charitable donations, and are adjusted for corporate losses, renegotiation of war contracts and conversion to a calendar-year basis. ² Includes elective tax on undistributive income of \$54,000,000 in 1950, \$48,000,000 in 1951 and \$10,000,000 in 1952.

Analysis by Industries.—Detailed data on profits by industries are available for the years since 1944. Corporation profits as shown in Table 15 do not agree with those in the national accounts since the national accounts figures include depletion charges and charitable donations. National account figures are also adjusted for renegotiation of war contracts and for conversion to a calendar-year basis. It should be noted that only federal taxes are deducted from the profits by industry. Provincial taxes were not significant in amount from 1944 to 1946, but after 1947 they were levied at the rate of 7 p.c. for Ontario and Quebec and 5 p.c. for the other provinces. Profits of Newfoundland corporations are included for 1950 and 1951 only.