

## Section 2.—Federal Public Finance

Subsection 1 of this Section introduces new tables dealing with statistics of the Federal Government in accordance, as far as possible, with the classifications, concepts and definitions used in the preparation of provincial and municipal finance statistics. These tables differ from the information presented in Subsection 2 in that the latter has been extracted directly from the *Public Accounts*. Detailed reports published by the Dominion Bureau of Statistics provide reconciliations of revenue, expenditures and debt as set out in Subsections 1 and 2. The *Public Accounts* presentation is retained for continuity, and also because there is interest in and use for information on this basis.

**Historical Data.**—A sketch of public finance from the French régime to the outbreak of World War I appears in the 1941 Year Book, pp. 742-743. Detailed sketches *re tax* changes from 1914 to 1938 will be found in issues of the Year Book beginning with the 1926 edition. An outline of the financing of Canada's war effort, including the more important changes in taxation during the war years from 1939 to 1945, is given in the 1945 Year Book, pp. 918-923. The postwar financial policy of the Government of Canada is outlined in the 1954 Year Book at pp. 1061-1064, and tax changes proposed in subsequent Budgets are outlined briefly in the 1955, 1956 and 1957-58 Year Books.

**The 1958-59 Budget.**—The Budget presented June 17, 1958, to the first session of the 24th Parliament contained no major changes in tax rates. It provided for numerous minor changes in the Income Tax Act. Exemptions for medical expenses and for dependants and wives were amended, as were deductible expenses of oil and gas producers. The allowable deductions for charitable contributions made by corporations were raised from 5 p.c. to 10 p.c. of income. Legislation was forecast and has since been introduced adding to gift-tax exemptions the provision for one tax-free gift from one spouse to another of ownership of the home they occupy, or from parent to child of a farm, up to the value of \$10,000. Refunds of gift tax paid within three years of death are allowed in the full amount by which the gift tax exceeds the succession duty on the gift. Depletion allowance claims in respect of dividends from non-resident companies will not be allowed after 1958.

The Estate Tax Act was passed by Parliament in 1958 and applies to the estates of persons dying on or after Jan. 1, 1959. A brief description of the Act appears in Subsection 3 of this Section, p. 1070.

### Subsection 1.—DBS Statistics of Federal Public Finance

**Revenue and Expenditure.**—Tables 4 and 5 show details of net general revenue and net general expenditure of the Federal Government for the years ended Mar. 31, 1956 and 1957. Revenue items are classified by source and expenditure items by function. Table 6 gives details of amounts paid by the Federal Government to provincial governments and municipal corporations in the year ended Mar. 31, 1957.

#### 4.—Details of Net General Revenue of the Federal Government, Years Ended Mar. 31, 1956 and 1957

Source	1956	1957	Source	1956	1957
	\$'000	\$'000		\$'000	\$'000
Taxes—			Privileges, Licences and Permits—		
Income—			Natural resources.....	3,973	4,667
Corporations <sup>1</sup> .....	1,081,056	1,335,637	Other.....	14,831	15,979
Individuals <sup>1</sup> .....	1,288,100	1,525,451	Sales and services other than institutional.....	42,835	45,847
Interest, dividends and other income going abroad.....	66,176	76,447	Fines and penalties.....	847	866
General sales <sup>1</sup> .....	801,887	896,351	Exchange fund profits.....	10,806	17,420
Excise Duties and Special Excise Taxes—			Receipts from government enterprises.....	60,473	124,701
Alcoholic beverages.....	141,917	153,405	Bullion and coinage.....	3,291	4,134
Tobacco.....	236,839	252,887	Postal service.....	158,569	167,880
Automobiles.....	76,194	79,693	Other revenue.....	8,664	11,262
Other.....	54,708	52,091	Non-revenue and surplus receipts.....	51,941	29,405
Customs import duties.....	481,240	549,075			
Succession duties.....	66,607	79,709			
Other.....	16,771	18,271			
<b>Totals, Taxes.....</b>	<b>4,311,495</b>	<b>5,019,017</b>	<b>Totals, Net General Revenue.....</b>	<b>4,667,725</b>	<b>5,441,178</b>

<sup>1</sup> Includes Old Age Security Taxes.