

greater part of the tax is collected during the same year in which the related income is earned and only a limited residue remains to be collected when the returns are filed. The collections for a given fiscal year include employer remittances of tax deductions, Canada Pension Plan contributions, unemployment insurance premiums and instalments, embracing portions of two or more taxation years, and year-end payments; they cannot therefore be closely related to the statistics for a given taxation year. As little information about a taxpayer is received when the payment is made and as a single cheque from one employer may frequently cover the tax payment of hundreds of employees, the payments cannot be statistically related to taxpayers by occupation or income. Descriptive classifications of taxpayers are available only from tax returns but collection statistics, if interpreted with the current tax structure and the above factors in mind, indicate the trend of income in advance of the final compilation of statistics. The statistics given in Table 20.9 pertain to revenue collections by the Department of National Revenue, Taxation. The collections are for fiscal years ended March 31.

Individual income tax statistics collected by Statistics Canada are presented in Tables 20.10 - 20.12 on a calendar-year basis and are compiled from a sample of all returns received. Taxpayers and amounts of income and tax are shown for selected cities and by occupational class and income classes.

Table 20.13 gives statistics of corporation positive income tax by industry group by size of assets for 1969-71. Federal and provincial income taxes payable by corporations by industrial division are summarized in Table 20.14.

### 20.2.3 Estate tax

Prior to April 1, 1964 estates or portions thereof situated in provinces which levied succession duties (British Columbia, Ontario and Quebec) qualified for an abatement of 50% of the federal estate tax otherwise payable. Provinces without succession duty levies received from the federal government a payment equal to 50% of the federal tax on estates situated within their boundaries. Effective April 1, 1964, the federal government undertook to pay to the provinces not levying succession duties an additional amount equal to 25% of the federal tax collected on estates situated within their boundaries (i.e. a total of 75%). At the same time, provinces with succession duty levies were given the option of (a) having estates within their provinces qualify for an additional 25% abatement of the federal estate tax; or (b) receiving a payment in an amount equal to 25% of the federal estate tax payable before any abatement (i.e. one half of the amount collected under the 50% abatement arrangement).

British Columbia accepted the first-mentioned option and raised its own succession duty rates. Ontario and Quebec chose the second. Effective January 1, 1972, the federal government withdrew from the field of inheritance taxation. Thus, upon the settlement of outstanding assessments, all revenue of the provinces relating to taxation upon death will arise from direct provincial tax levies and the transfer aspect will disappear. Provincial succession duties are discussed further in Section 20.6.2.

### 20.2.4 Excise taxes

Excise taxes collected by the Excise Division of the Department of National Revenue are given for the years ended March 31, 1972 and 1973 in Table 20.15.

Gross excise duties collected for the year ended March 31, 1973 were: spirits \$254.8 million; beer or malt liquor \$166.8 million; tobacco, cigarettes and cigars \$225.8 million; licences \$36,031; for a total of \$647.4 million. A drawback of 99% of the duty may be granted when domestic spirits, testing not less than 50% over proof, are delivered in limited quantities for medicinal or research purposes to universities, scientific or research laboratories, public hospitals or health institutions in receipt of federal and provincial government aid.

## 20.3 Federal-provincial fiscal relations

Fiscal relations between the federal, provincial and territorial governments take various forms and are governed either by an Act of Parliament or by formal agreements between the two levels of government. Through the equalization program the federal government ensures that public resources benefit all Canadians across the country; under Tax Collection Agreements it acts as a tax collecting agent for some provinces; and under other arrangements the federal government shares in the financing of certain programs. These three types of arrangements, general purpose transfer payments, tax collection agreements and specific purpose transfer payments, are covered in this Section.