

thousand dollars, one and one-quarter per centum of the normal tax and supertax calculated thereon; (b) where the income was in excess of ten thousand dollars but did not exceed one hundred thousand dollars, a supertax the amount of which is two and one-half per centum of the normal tax and supertax calculated thereon; (c) where the income exceeded one hundred thousand dollars but did not exceed two hundred thousand dollars, a supertax the amount of which is three and three-quarters per centum of the normal tax and supertax calculated thereon; (d) where the income exceeded two hundred thousand dollars, a supertax the amount of which is eight and three-quarters per centum of the normal tax and supertax calculated thereon."

#### Taxation of Companies

Further provisions of this section are:—

"(2) Corporations and joint stock companies, no matter how created or organized, shall pay one and one-half per centum of income exceeding three thousand dollars, but shall not be liable to pay the supertax or surtax; and the treasurer may permit any corporation or joint stock company the fiscal year of which is not the calendar year, to make a return and to have the tax payable by it calculated on its income for the twelve months ending with its last fiscal year preceding the date of assessment.

"(3) Any persons carrying on business in partnership shall be liable for the tax only in their individual capacity.

"(4) A person who, after the first day of May, 1919, has reduced his income by the transfer or assignment of any real or personal, moveable or immovable property, to such person's wife or husband, as the case may be, or to any member of the family of such person, shall, nevertheless, be liable for the tax as if such transfer or assignment had not

been made, unless the treasurer is satisfied that such transfer or assignment was not made for the purpose of evading the taxes imposed under this Act or any part thereof.

"(5) Taxpayers shall be entitled to the following deductions from the amounts that would otherwise be payable by them for tax: (a) From the tax payable in any year the amounts payable in such year by the taxpayer for taxes under the provisions of the Supplementary Revenue Act; and (b) from the tax payable in any year the amounts payable in such year by the taxpayer for taxes under the provisions of 'An Act respecting the Taxation of Certain Companies.'

"5. The following shall not be liable to taxation hereunder: (a) Consuls and consuls general who are citizens of the country they represent and who are not engaged in any other business or profession; (b) any religious, charitable, agricultural and educational institutions, boards of trade and chambers of commerce; (c) labor organizations and societies and benevolent and fraternal beneficiary societies and orders; (d) mutual corporations not having a capital represented by shares, no part of the income of which inures to the profit of any member thereof, and life insurance companies except such amount as is credited to shareholders' account; (e) clubs, societies and associations organized and operated solely for social welfare, civic improvement, pleasure, recreation or other non-profitable purposes, no part of the income of which inures to the benefit of any stockholder or member; (f) insurance, mortgage and loan associations operated entirely for the benefit of farmers, as are approved by the treasurer; (g) the military and naval pay of persons who have been on active service overseas during the present war in any of the military or naval forces of his Majesty or any of his Majesty's allies; (h) incorporated companies whose business and assets are carried on and situate entirely outside of Nova Scotia."

## Foreign Trade and Exchange

**Heavy Canadian Imports from United States Continue—Britain, by Refusing to Incur Further Debts Abroad, Has Cut Down Her Imports—High Rate for New York Funds Likely to Remain for Some Time**

THE New York exchange rate, which is of such vital importance first of all to Canadian trade, and secondly to all branches of industry here, is now receiving probably more attention than ever before. The August letter of the Canadian Bank of Commerce devotes a lengthy article to it, reading in part as follows:—

"The steady advance in the premium on New York funds seriously affects those industries which depend upon raw materials obtained from the United States. From that country, during the year ending June last, cotton, iron and steel products to the value of \$216,000,000 were imported. Other imports essential to manufacturers, the cost of which will be similarly affected, are valued at a large sum. The inevitable advance in cost to the consumer is one of the causes of the existing social unrest, and this cause would at any rate be partially removed if the demand for New York funds was decreased by lesser imports of luxuries and non-essentials.

"In March, 1918, it was pointed out in a supplement to our letter that the appreciation in the rate for United States funds was at that time accentuated by the operation of several abnormal factors, such as the disorganization of transportation and the consequent check upon exports from Canada, the enormous imports from the United States, and the effect of the credits which Canada had granted to the United Kingdom to assist in procuring war material. The balance of trade with all countries in favor of Canada at the end of December, 1917, was \$588,000,000. At the close of March, 1918, it had grown to \$623,000,000. For the succeeding year, ending March, 1919, it was \$343,000,000. These balances are partly offset by advances from the Imperial treasury for the maintenance of our expeditionary forces abroad, but even after making allowance for these the balance in favor of Canada is very large. In the ordinary

course of events, this would have resulted in the exchanges being favorable, but the factors which caused the high premium on New York funds in the early months of 1918 are still in operation, in some respects in a more accentuated form. The credits being furnished to Great Britain are still considerable, and substantially offset that country's debtor balance to us, and in addition we are furnishing credits to other European countries. The remedy then suggested applies with equal force to-day; it is to increase exports to the United States, and to curtail imports from that country. While the war was proceeding Britain obtained credits in the United States for purchases there, and it was hoped that she would also arrange credits there to pay for purchases made by Canada to facilitate the production of war material. Now that the war is over, Britain apparently does not favor the creation of further debt abroad, and therefore it cannot be hoped that part of her debt to Canada will be arranged by her assuming our liabilities in New York. The adjustment of our adverse balance there must apparently await trade developments, in the shaping of which the present adverse rate of exchange is not undesirable.

"In the three years ending June last, Canada imported merchandise from the United States valued at \$2,228,000,000 and exported to that country goods to the value of \$1,183,000,000, leaving an unfavorable balance of \$1,045,000,000. Thus, during the period named, the United States supplied 81 per cent. of our imports from all sources, and the customs returns since June indicate that there is no diminution in our purchases from them. On the other hand, of our total exports to all countries amounting to \$4,029,000,000, only 29 per cent., or \$1,183,000,000 went to the United States; 51 per cent., or \$2,076,000,000 went to the United Kingdom, and 20 per cent. to all other countries. Our imports from the