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# Lewis calls corporations' tax returns a "ripoff"

When federal NDP Leader David Lewis talks about the tax breaks corporations get, he's referring mainly to a sheet of paper called a "reconciliation."

It's the document which many corporations attach to their regular T2 income tax returns, explaining in detail why the income they are reporting for tax purposes is lower

than the accounting income they report to shareholders.

Lewis says that accounting income most fairly represents the results of a corporation's activities. To pay taxes on less than that amount, he says, amounts to a "ripoff."

Accountants call the difference between accounting income and

taxable income a "timing difference."

They say the amount of taxes a corporation owes the government is still related to accounting income; it's just that all this tax liability isn't paid to the government right away.

The amount of taxes that isn't paid right away is called deferred

taxes. Lewis says that deferred taxes are really interest-free loans to corporations; further, he says, deferred taxes can be deferred almost forever.

Corporate taxes are also designed as an instrument of government fiscal policy.

This year, for example, companies in the processing and manufacturing industries can write off 50 per cent of the cost of new machinery and equipment before they arrive at their 1972 taxable income.

ing to Lewis, corporations are now liable to the government for deferred taxes totalling \$3.6 billion.)

The bulk of deferred taxes arises from the difference between normal depreciation of capital assets—plant, machinery, equipment—and statutory rates of depreciation set by the government and called capital cost allowances.

Here's how the system works:

A company begins to have income when its revenues exceed all its business costs. One of these costs is a fair apportionment of money spent on capital assets such as buildings, machinery and equipment.

This apportionment of the cost of an asset over its useful life is one of the deductions made before arriving at income and is called depreciation.

The system, relieves corporate taxpayers from having to justify the depreciation on an asset as a necessary and proper charge for tax purposes.

Instead, the government arbitrarily sets maximum capital cost allowances—akin to depreciation rates—on about 25 classes of income-earning assets.

For instance, the government set a maximum capital cost allowance of 40 per cent on airplanes and 4 per cent on airplane runways.

Generally, the maximum capital cost allowances were, and remain, about twice the normal depreciation rate.

## Future of Canada to top election issues

VANCOUVER (CUP) -- Although unemployment and inflation are important election issues, the most "transcendent" issue is the future of Canada, Progressive Conservative leader Robert Stanfield said in Vancouver recently.

"I also assume this to be the major question of Canadian students," he told University of British Columbia students.

It was Stanfield's first campus stop, his first organized visit before a gathering of that promising youth vote since the election announcement.

His arrival on campus was announced by two buses with red and blue RLS logos. Inside the student union building where the meeting was held, a Stanfield band explored the 1500 persons in the auditorium to get together-- "to touch knees" -- so Stanfield would have room to enter.

The PC leader started his speech by telling the students he never knew what to expect from a university audience because the format differed with every meeting.

That's not what his highly organized schedule indicated.

"I'm here this morning because a national election has been called and I am the leader of the party that is seeking office and

seeking the responsibility of leading this country," he told the assembled young people.

A responsible government must speak to its people during its mandate, Stanfield said. He disagreed with Prime Minister Trudeau's platform of seeking dialogue with the electorate.

"Any government in a general election has to face the people on its record," he said. "The people must assess the government's promises and look at its expectations."

Stanfield said he must show Canadians his party's capacity for government and for government change.

"We have to make a decision. We have to adopt national strategy which involves full employment, a full concern for the environment and for our way of life," he said.

The present government's response to the issues is "inadequate", he commented.

"We in Canada do not choose our response to change. Others will decide the scope of change for us and then we will have to live with them."

Government will be influenced more only by the full participation of provincial governments, big business, big labour and the "lit-

tle man", he claimed.

"I believe Canadians do want to participate fully in the life of this country," he said.

"But to think there are 300,000 Canadians looking for jobs in August is tragic."

Asked what he intends to do about the high unemployment, Stanfield alluded to the "complacent" response of the Trudeau administration. He then suggested an income tax and corporate tax reduction would help alleviate unemployment "because it would give Canadians more purchasing power."

He promised that if the PC's formed the next government, they would decrease income tax by seven per cent.

After his 20-minute speech, it was announced that Stanfield would meet with individuals in the crowd to answer questions.

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That's not because the machinery and equipment will wear out that fast. It's because the government is trying to influence manufacturing and processing companies, more labor-intensive than many others, to spend money on expansion which theoretically will create more jobs.

One simultaneous result is that corporations can accelerate write-offs and accumulate large deferred tax liabilities.

The issue raised by Lewis is this:

Have such incentives been too generous to corporations?


The government's 1969 white paper on taxation thought so, and did the 1966 Carter commission.

The Carter commission estimated that in the eight years ended in 1962, Canadian corporations deferred their taxable income by more than \$2 billion.

At a 50 per cent corporate tax rate, this meant the corporations owed the government about \$1 billion in deferred taxes. (Accord-

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"START WITH SWEATERS"

A hot new look is taking over the young men's fashion scene. From London to New York the men's wear market is cleaning up and taking on a bold, exciting new look.

The tattered poor look (fringes and patches) are moving out and the trend suggests a swanky look rather than a poor, washed out one. Slacks are wider, new shirts in bolder colors are being worn under brand new sweaters. The sweaters are not the poverty-look, skinny ribs of the last couple of years. Not are they the short, short models that look as if they've been outgrown. These are sweaters that come comfortably down to just below the waist. They are not so tight that they can't be worn with a shirt under them -- and not so loose that one can't wear a blazer over them. Yes, the tailored sportsjacket is becoming a key item in every young man's wardrobe.

The sweater's the key -- it's the catalyst that makes the layered look work. The most popular line of sweaters in the sleeveless pullover. It's the connection that goes over a shirt or light weight turtleneck and links it with a jacket.

"What's new about slacks, shirts, and sweaters?" most people ask. Well, it's not the individual units themselves but the total picture. The layered look represents a clean, casual, PUT TOGETHER ATTITUDE. This way of being unconsciously well dressed is a life style rather than another fashion item.

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