

Tax on Income Paid By a Married Canadian With No Dependents

<u>Income</u>	<u>Tax on 1939 Income</u>	<u>Tax on 1940 Income</u>	<u>Tax on 1941 Income</u>
\$1,500	0	30	75
\$3,000	36	195	400
\$5,000	144	555	1,000
\$10,000	781	2,070	3,080
\$50,000	14,351	21,390	26,965
\$100,000	39,299	51,300	61,875

Other further increases in direct taxes are proposed in the 1941-42 budget. The minimum rate of corporation tax is to be advanced to 40%. This involves changes in the administration of the excess profits tax, which is imposed in war time. A more effective surtax on investment income and a greatly increased gift tax are to be introduced. A Dominion succession duty is to be levied.

Indirect taxes of all kinds are expected to raise considerably more money in the 1941-42 fiscal year than they provided in 1940-41. Below are the figures for the three fiscal years beginning 1939-40. They show the steady increase in indirect taxes since the pre-war period.

Total Revenue From Indirect Taxes

<u>1939-40</u>	<u>Estimated 1940-41</u>	<u>Budgeted, 1941-42 for Full Fiscal Year</u>
\$331,361,000	\$503,600,000	\$637,310,000

New indirect taxes and increases in existing indirect taxes will cut into the income of Canadians in all walks of life. New taxes include a tax of three cents a gallon on gasoline, an excise tax of 10% on travel fares and an excise tax of 20% on the receipts of motion picture houses. Increases in existing taxes include a rise in the basic rate on automobiles from 20% to 25%, and increases in taxes on sugar, beer wine, carbonic acid gas, cigarette tubes, cosmetics and toilet preparations and long-distance telephone calls.

It is pointed out in connection with the gasoline tax that the United States Treasury is proposing a Federal tax on gasoline of 2½ cents a gallon. When the difference between the Canadian and American gallons is considered, this proposed U.S. tax would be equivalent to the new Canadian levy on gasoline.

Since the outbreak of war the Canadian Government has borrowed about \$633,000,000 from the public and from domestic financial institutions other than banks. This money has been raised by the floating of two war loans and by issuing war savings and non-interest bearing certificates to the public. The war loans raised \$500,000,000 in new money and about 75,000,000 in conversions; applications for war savings certificates amount to \$52,000,000 and \$6,000,000 has been invested