

**INCOME TAX ASSESSMENT OF LIFE ASSURANCE COMPANIES.**

An income tax is almost necessarily open to grave objections on the ground of equity. No principle has yet been formulated by writers on the taxation of income problems which is universally applicable. Such taxation is indeed a Gordian knot which, being incapable of unravelment, is usually cut by a sword, the sword of an arbitrary decision by the authorities empowered to levy taxation. Between those who are levied upon for an income tax, and injustice there is only the barrier of statutory law which does not define what form of income tax is based on an equitable principle, or otherwise, but simply whether it is legal according to the letter of the law. If then the Courts have declared a particular form of income tax to be legal, the only remedy for any alleged inequity is to be found in a change in the law, as the function of a law Court is not to make laws, but to interpret and enforce those existing. The City of Toronto some time ago assessed the Confederation Life Association for income tax on its total income from investments. Previously the tax had been only levied upon the portion of its income that had been disbursed by dividends to its shareholders. The Association appealed to the Courts in Toronto against this form of assessment, without success. The Canada Life Assurance Company has recently been assessed by the City of Hamilton on its total interest income in the same way as is the Confederation Life by the City of Toronto. These companies have their respective head offices at the above cities. The Canada Life asked for the judgment of the local County Court on this matter, which was rendered in accordance with the Court of Appeal, Toronto, an inferior Court naturally taking the decision of a superior one for its guide. The Canada Life has given notice of appeal against this decision, so that doubtless a final one will be shortly rendered defining the assessment powers of a municipality in regard to the revenues of a life assurance corporation. Whether the income tax of such a company is levied on the gross investment income, or only upon the amount disbursed in dividends, there must be some degree of inequity involved, as has been frequently pointed out, and protested against in analogous cases in the old country. The incidence of this tax falls mainly upon policy-holders, not on the shareholders as is manifest from these facts that the combined interest income of the above companies in 1896 was \$940,405, while their combined disbursements to stockholders was only \$40,000. Thus the income tax would be imposed upon some \$900,000 of income which is available for the benefit of their policy-holders in some form as additions to policies, bonuses, or for reserves held to protect the policy-holders. It is hardly credible that the Legislature which passed the income assessment law contemplated the taxation of those funds which are being accumulated by life assurance companies for the purpose of ensuring the greater certainty of their obligations being met.

**THE QUEEN'S SPEECH.**

At the opening of the Imperial Parliament, the Queen's Speech was read to the assembled legislators of both Houses, Her Majesty being absent. The Speech opens with references to the treaty of peace between Turkey and Greece; to the Cretan difficulty, which is said to be on the eve of settlement; to the dispatch of British troops to the Soudan; and to friendly relations being established with Abyssinia. A clause in the Speech refers to the depression in West Indies, chiefly caused by the system of bounties paid to producers and manufacturers in many European States by which artificial competition is created which has reduced the price of sugar so as to seriously injure West Indian planters. The Speech speaks hopefully of an international conference about being held as likely to lead to the abolition of sugar bounties, while in the meantime relief will be extended to those colonies. In reference to the Indian troubles, the cause is explained to have been "an organized outbreak of fanaticism" leading to a breach of engagements by certain tribes, and their attacking British military posts. The Queen paid a handsome tribute to Her British and native troops and those voluntarily placed at Her disposal by native princes. The House of Commons is asked to provide for army and navy expenditures beyond precedent. A measure is promised to provide local Government for Ireland, one to effect reforms in military service, another relating to the Government of London, and others of minor importance. Considerable interest was excited by allusions to the local Government Bill for Ireland made by Mr. Balfour, who predicted that the day was near when there would be "a union of hearts" between Great Britain and Ireland which would knit their respective peoples together as closely as those existing in any part of the Empire. With lamentable bad taste, and lack of judgment, the leader of the Home Rule party sneered at the prospect of Ireland and Great Britain ever being bound by "a union of hearts," and he introduced a resolution practically demanding a severance of the tie by which they are united. The Liberal party which has been coquetting with Home Rule and the Home Rule members could not stand this outspoken resolution, and voted as a body, with only two exceptions, with the Government in condemning this ill-judged outbreak of the Home Rule party. Measures for popularising military service are occupying great attention in the Press, and doubtless the Government will have the support of the Opposition in any well devised measure intended to remove objections to entering the army, by reason of which its strength and efficiency are impaired. A strong feeling has arisen in England in favour of the closer identification of this Dominion with the Imperial forces, both army and navy. Judging from the tenour of the Queen's Speech, there is no prospect of the disputes in reference to the opening of certain ports in China leading to anything worse than a war of diplomatic words.