

REVENUES, 1939-40

3. The total revenues of the dominion from taxation and other sources, not including \$20,292,000 of credits to non-active account which necessarily appears also on the expenditure statement, aggregated \$541,803,000. This represents an increase of \$26,952,000 or 5.2 per cent over the previous all-time record revenue received in the fiscal year 1937-38. Compared with last fiscal year, 1938-39, the increase was \$42,490,000, or 8.5 per cent.

4. Total revenue from taxation amounted to \$467,685,000, an increase of \$31,978,000 over that collected in the previous year. With the exception of (1) income tax, and (2) manufacturers', importations, stamps, transportation taxes, etc., the main sources of taxation recorded substantial increases over last fiscal year. These increases arose out of taxation changes effected by the emergency budget of September 12, 1939 and improvement of business conditions generally.

5. The sales tax replaced income tax as the largest single revenue producer. Receipts from this tax totalled \$137,446,000, an increase of \$15,307,000 over 1938-39. This increase was due in part to improvement in general business activity and in part to the removal from the schedule of exemptions of electricity and gas used for domestic purposes, salted or smoked meats and canned fish, as provided for in the budget of September 12, 1939.

6. Income tax receipts totalled \$134,449,000, a decline of \$7,577,000 from that collected in the previous year. This decline was principally in the collections of the tax on corporation incomes based on 1938 earnings. Of the receipts, \$77,920,000 was from the tax on corporation incomes, \$45,407,000 from the tax on individual incomes, and \$11,122,000 from the 5 per cent tax collected at the source on interest and dividends.

7. Other excise taxes including the stamp tax on cheques, etc., and the taxes on sugar, automobiles and rubber tires, matches, toilet preparations, pullman tickets, telegraph and telephone messages and other miscellaneous commodities realized \$28,582,000, a decrease of \$10,990,000 from the previous year. The removal of the 3 per cent tax on importations under the intermediate tariff resulted in a loss in revenue from this source of \$13,612,000. The difference, namely \$2,622,000, represents the net increase in other items of excise taxes.

8. Receipts from excise duties, mainly on liquor and tobacco totalled \$61,032,000, an increase of \$9,718,000. This increase was due largely to the increased duties on liquor and

tobacco following the budget of September 12, 1939.

9. The greatest increase in revenues from any one source occurred in customs import duties, where a total of \$104,301,000 was realized, compared with \$78,751,000 for the previous fiscal year, an increase of \$25,550,000 or 32.4 per cent. Of this increase it is estimated that approximately \$6,600,000 was obtained from the tariff increases provided for in the September, 1939, budget. The balance of the increase reflects improvement in conditions generally due in part at least to expanding activity brought about by the war.

10. Non-tax revenues or revenues from services rendered by the various departments and interest on investments, totalled \$73,933,000 compared with \$62,310,000 in the previous year. The largest non-tax item is the receipts of the Post Office which totalled \$36,729,000 during 1939-40, an increase of \$1,441,000 over the preceding fiscal year. The cost of operations of the Post Office last year was practically the same as its receipts, there being a nominal surplus of \$2,000. Last fiscal year there was a nominal deficit of \$168,000. The Post Office accounts do not include the rental value and other costs of premises occupied and equipment used, nor do they include any credit to the Post Office for services rendered to other departments through the free use of the mails.

The second largest non-tax revenue item is Interest on Investments which totalled \$13,394,000, an increase of \$231,000 over that received in the previous year.

Casual Revenue including mint handling charges and net profits on coinage, Dominion's share of surplus profits of the Bank of Canada, receipts from various provinces for services rendered by the Royal Canadian Mounted Police and other miscellaneous items totalled \$9,373,000.

The large amount shown as Premium, Discount and Exchange revenue is due mainly to the redemption of the 3½ per cent 1930-50 loan of £28,162,776, which was called for payment and paid at the current rate of sterling.

11. Special Receipts and other credits amounted to \$20,477,000. The main item in this category is the credit of \$20,292,000 made up of \$17,682,000 of Province of Saskatchewan treasury bills written off from non-active account; \$2,600,000 of Canadian National Railways Securities Trust Stock written off because of line abandonments during the calendar year 1939; and \$10,000 representing the yearly established losses in the seed grain and relief accounts of the Department of Mines and Resources. All of these amounts necessarily appear on the expenditure statement under the heading of "Other Charges".