INSURANCE COMPANIES AND THE INCOME TAX.

A list of exemptions from the operation of the new Federal Income Tax, shows that life insurance companies will only be taxed on such amount as is credited to the shareholders' account. This is something to be thankful for. Some managers had visions of being compelled to pay four per cent. upon their premium income. Proceeds of life insurance policies will not be included in the income subject to the personal tax.

The fate of the fire and other insurance companies with regard to this taxation does not yet appear, except that the Minister of Finance has stated that any amount paid under the Special War Revenue Act of 1915 will be allowed deduction from the income tax, if the income tax is the greater, or the amount of the income tax will be deducted from the special taxation, if the latter is the greater. The insurance companies other than life, are paying one per cent. on premium income under the 1915 taxation, so that these companies, with the banks, which also pay the one per cent. tax on their note circulation, will secure some allowance. It will be a serious matter for the companies, however, if they are to be taxed four per cent. upon their premium incomes in Canada, which means an additional three per cent. above the Dominion war taxation they are at present paying. As the fire companies paid in taxation last year an average of 3.74 per cent. of premiums, this income tax addition would almost double the rate of taxation paid in 1916. However, the tax may only apply to underwriting profits plus interest income, as Sir Thomas White, in reply to a question in the house, remarked, "If a man has a business and his gross receipts are, say $100,000, but his operating and under expenses are $50,000 the income would be $50,000." The companies would certainly have to protest strongly if there is the intention to impose the new tax on net premium income, which is roughly equivalent to gross receipts in ordinary business, and is certainly not income in the sense generally used when income taxation is under discussion.

The income tax upon joint stock companies and corporations proposed is a flat tax of four per cent., $3,000 being exempted. The personal income tax proposed is on the following basis :—exempt up to $2,000 in the case of the unmarried and widowers without dependents, up to $3,000 in the case of all others. The normal tax will be four per cent., but additionally, incomes of $6,000 to $10,000 will pay a super-tax of two per cent.; between $10,000 and $20,000, five per cent.; between $20,000 and $30,000, 8 per cent.; between $30,000 and $50,000, ten per cent.; between $50,000 and $100,000, 15 per cent.; and exceeding $100,000, 25 per cent. The super-tax is only paid at the higher rate on the amount by which the income exceeds the minimum for that rate e.g., on an income of $110,000 annually 25 per cent. would be paid on only $7,000—$3,000 would be exempt, $100,000 at increasing rates of tax and $7,000 at 25 per cent. A number of deductions to avoid charging of income tax twice etc. are allowed.

The Canada Accident has received a Dominion license to transact automobile insurance, in addition to the classes of business for which it was previously licensed.

THE INSURANCE BILL IN COMMITTEE.

The Insurance Bill, after having passed the Banking and Commerce Committee, went into the stage of committee of the whole House at Ottawa last week. The alterations made by the Banking and Commerce Committee were so trifling that the bill has not been reprinted since its first introduction. Sir Thomas White explained that the business of marine insurance was exempted from the bill, because on the passing of the Act in 1910 representations were made by the transportation companies that unless the marine companies were exempted from the provisions of the Insurance Act there would be discrimination against the St. Lawrence route and Canadian ports generally in so far as insurance was concerned, which would mean an increase in insurance rates and an increase in freight rates upon the St. Lawrence route. Canadian legislation dealing with these companies is accordingly not regarded as expedient.

There was a long and technical argument between Mr. Pugsley and Sir Thomas White in regard to the exact wording of sections intended to give the Dominion Government plenary powers regarding insurance companies other than Canadian. Sir Thomas explained that it was desired to make it perfectly clear that the Canadian parliament has authority to require a foreign corporation to take out a license and to conform to the provisions of the Act before carrying on business in Canada. That is a point that might be contested.

PROVINCIAL COMPANIES AND DOMINION LICENSES

In reference to the provision whereby a provincially incorporated insurance company may take out voluntarily a Dominion license, thereby making itself subject to the requirements of the Act, the Minister of Finance said the condition is that the Privy Council has said that the Dominion Parliament has no jurisdiction to regulate the business of an insurance company incorporated by a provincial legislature carrying on business in its own province, or even outside its province. With this Act, many provincially incorporated insurance companies would desire, for the sake of their standing if nothing else, to be subject to Dominion jurisdiction. One way in which they could bring themselves within the Dominion jurisdiction, although difficulties might arise, would be to take out Dominion incorporation and have the assets and liabilities of the old company assigned to the new. The present provision is to give such companies the right to make application to take out an insurance license and subject themselves to the jurisdiction of the Dominion Insurance Act.

UNIFORMITY OF DOMINION AND PROVINCIAL LEGISLATION.

On the raising of the question of uniformity in Dominion and provincial legislation, Sir Thomas White said :—"By the Act of 1910, the Dominion Parliament assumed to regulate provincially-incorporated fire and other insurance companies doing business outside their own provinces. It has been held that the Dominion has no such power. We are now proposing to enable any provincially-incorporated insurance company to take out a license and subject itself to the provisions of this Act. But many companies will not do that, and they will still remain subject to provincial legislation and will carry on business subject only to the

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