

(e) The income from but not the proceeds of life insurance policies paid on the death of the person insured, royalties from mines, oil, and gas wells.

And last, "the annual profit or gain from any other source."

All corporations and individuals carrying on business, singly or as a partnership, will require to value their accounts receivable at the end of the period for the purpose of the returns, and in case of a partnership each partner will require to show his part as gross income. Allowance will be made for amounts received during the year but actually earned prior to 1st January, 1917. That will not apply to any year in the future, but the Act has to have some starting point, therefore the Department holds that the income taxable is that which properly accrued since Dec. 31st, 1916.

Question—Not for the fiscal year?

A.—No, we had to make a dividing line to start from, therefore the Department ruled that companies that had their accounting period between the 1st January, 1917, and the 30th June, 1917, need not file returns for 1917, and that companies having accounting periods ending after 30th June would file returns for 1917 period.

Bonuses paid to employees are income of the calendar year in which they are received, without regard to any fiscal year or other period in respect of which they may have been earned or paid. All persons in receipt of free rent, or board, or similar perquisites shall add to the amount of their income for taxable purposes the reasonable value thereof, because the Act provides that personal and living expenses shall not be taken as a deduction.

The farmer is required to add to his net income the value of the goods that he and his family have consumed. And I want to say here that there have been hundreds of assessments made against farmers. The other day an assessment of nearly \$5,000 was made in respect of 1917 income against a farmer.

Preferred dividends are not a proper deduction from the income of a corporation. Stock dividends stand in the same position as cash dividends for the purpose of the tax.

The income received from Canadian industrial bonds, even though expressed to be issued tax free, will be considered income subject to taxation. Royalties paid to a proprietor by those allowed to develop or use property is to be accounted for as income. No deduction can be allowed from the income of the Canadian branch of a foreign company in respect to tax paid thereon to the foreign government. Taxes paid by persons resident in Canada to foreign governments in respect of income arising within the jurisdiction of the foreign government may be