

# BANK OF MONTREAL

Established 1817

Capital Paid Up	- - - - -	\$ 16,000,000.00
Reserve Fund	- - - - -	16,000,000.00
Undivided Profits	- - - - -	1,321,193.00
Total Assets	- - - - -	390,421,701.00

## BOARD OF DIRECTORS:

H. V. MEREDITH, Esq., President

R. B. ANGUS, Esq.

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C. R. HOSMER, Esq.

H. R. DRUMMOND, Esq.

WM. McMASTER, Esq.

## Head Office, MONTREAL

General Manager, SIR FREDERICK WILLIAMS-TAYLOR, LL.D.

Assistant General Manager, - - A. D. BRAITHWAITE, Esq.

Bankers in Canada and London, England, for the Government of the Dominion of Canada.

Branches established throughout Canada and Newfoundland; also in London, England, New York, Chicago, and Spokane.

Savings Department at all Canadian Branches. Deposits from \$1. upwards received and interest allowed at current rates.

A GENERAL BANKING BUSINESS TRANSACTED

## The Business Profits Tax

### Returns Now Being Asked For. Essential Features Summarized

Notices are now being sent out by the Finance Department from Ottawa to companies and firms in all parts of Canada requiring them to make returns under the provisions of the business tax adopted at the last session of Parliament.

Some 15,000 such notices are being issued in all, which means that approximately this number of companies and firms will be required to contribute a part of their excess profits made since the war.

For the purposes of the tax, the country has been divided into eleven districts: 2 in Quebec; 4 in Ontario probably; 1 in Nova Scotia and Prince Edward Island; 1 in New Brunswick; 1 in Manitoba; 1 in Saskatchewan and Alberta; and 1 in British Columbia. Officials of the department have been appointed in each of these different districts, whose duty it will be to check up the returns.

The plan is, however, to administer the tax on an extremely economical basis, practically all the work being done from Ottawa through the mails. No board of official referees to adjudicate in the case of appeals will be appointed until appeals commence to be made, probably not till next September.

The notices include a copy of the act and a form, which the company or firm is required to fill out, showing the amount of its bonds, paid-up capital, unimpaired reserve, net profits, etc. These returns are required under the act to be in on July 1. Assessment will then be made at Ottawa before September 1 and payment will have to be made of the tax before November 1.

The essential features of the Business Profits Tax are outlined in a small leaflet issued by the Union Bank of Canada, as follows:

#### Incorporated Companies.

A tax of 25 per cent on net profits exceeding 7 per cent upon capital employed (throughout the accounting period) of \$50,000 or over. Capital employed includes (a) amount of Capital Stock of a Company paid up in cash (or a fair valuation of such stock if issued against any other consideration than cash); (b) actual unimpaired reserves, or accumulated profits.

Note:—Companies with a lesser Capital than \$50,000, 20 per cent or more of whose business is, or has been in manufacturing or dealing in Munitions or War Supplies, are subject to the tax.

N.B.—In determining the profits of Mining Companies an allowance will be made by the Finance Minister for exhaustion of the Mines.

#### Firms and Individuals.

A tax of 25 per cent on net profits exceeding 10 per cent upon capital employed. Capital employed

shall be taken to be the fair value of all Assets used in the business, less all debts owing by the business.

#### Computation of Profits.

The tax is retroactive and is levied for three years upon the net profits shown to any accounting period (fiscal year) ending after December 31st, 1914.

(a) Dividends received from the stock of any Incorporated Company which is taxed under this Act, shall not be included in the profits to be taxed.

(b) Reasonable deductions from gross profits for depreciation, renewals, etc., are allowed.

(c) Deductions from gross profits for remuneration of Directors, Managers, etc., shall not, without consent of the Minister of Finance, exceed the sums deducted for those purposes in the accounting period ended before the 1st of January, 1915 and no deductions of any nature will be permitted which improperly reduce the taxable profits of the business.

A company cannot evade the tax by selling its goods or products to its shareholders or others at less than a fair price, and the Finance Minister has full power to demand additional information (on oath if necessary) and to re-value the Assets in any Statement submitted to him.

#### Return Required.

The Minister of Finance will require, in duplicate, a Return (in the form shown herein) on or before July 1st each year, and neglect to make such Return renders the delinquent liable to a penalty of \$200 for each day of default. Penalty for false statement in any Return \$10,000, or six months imprisonment, or both.

#### Payment of Tax.

On or before September 1st each year, the Finance Minister will forward notice of assessment of taxable profits to each Company, firm and individual, and the tax is payable on or before first of November following.

Note:—If any Company, firm or individual is liable on July 1st, 1916, to a tax on two or more accounting periods covering two years, the tax covering the first twelve months may be paid on November 1st, 1916, the tax covering the second twelve months on November 1st, 1917; and the third and last year's tax on 1st November, 1918. Interest at 7 per cent is chargeable on taxes in arrears.

#### Appeals Against Assessment.

Appeals against the Minister's assessment of taxes may be made in form described by the Act, to a Board of Referees appointed by the Finance Minister, within twenty days after date of mailing of notice of assessment, and if the tax payer is dissatisfied with the decision of the Board, he may within twenty days after mailing of the decision give the Finance Minister written notice, in form prescribed by the Act, of his intention to appeal the decision. The matter will then be referred to the Exchequer Court of Canada, whose decision shall be final.

#### NEW RUSSIAN LOAN.

The Russian Government has completed long pending negotiations with New York bankers for loan of \$50,000,000 under most unusual terms. The American banking group will establish a credit of \$50,000,000 in the United States, to run for three years, in favor of the Russian Government. Simultaneously the Russian Government will establish in Petrograd a credit of 50,000,000 roubles in favor of the American group, at a fixed ratio of three roubles to \$1. Interest on the credit arranged here, at the rate of 6½ per cent per annum, will be paid by the Russian Government in dollars in New York. The rouble credit may be used by the American group at any time at the rate of 3 roubles to \$1.

The Russian Government further extends to the American group an option to purchase at any time within the three-year period 5½ per cent five-year Imperial Russian Government bonds at 94½, less a commission, the bonds to run for five years, from date of purchase, principal and interest payable in dollars in New York. Should the American group elect to exercise its option, the purchase price of these bonds may be paid with the rouble credit at the rate of 3 roubles for \$1.

The unusual advantage of the plan lies in the prospect of exchange profits during the life of the loan. Rouble exchange now rules in New York at about 31 per cent per rouble, whereas, the normal is 51 per cent, or at present a discount of about 39 per cent. The terms of the credit and the option on the five-year bonds both provide against any possible loss in exchange and leave open the opportunity for profit if exchange advances, which in view of the present low rate, seems probable.

#### NEW BANK DIRECTOR.

The Hon. Sir Pierre Evariste LeBlanc, Lieutenant-Governor of the Province of Quebec, has been elected a director of the Montreal City and District Savings Bank to fill the vacancy on the Board created by the death of the late Honorable J. Alderic Ouimet. The Board is now complete as follows:

Hon. Raoul Dandurand, president; Hon. Robert MacKay, vice-president; Richard Bolton, G. N. Moncel, Hon. C. J. Doherty, Hon. Sir Lomer Gouin, Dr. Donald A. Hingston, Fred W. Molson, Clarence F. Smith, Hon. Sir P. Evariste LeBlanc.



## STANDARD BANK

OF CANADA  
HEAD OFFICE - TORONTO

**MONEY ORDERS issued for any amount, payable throughout Canada, Great Britain, and all foreign countries.**

**SAVINGS BANK DEPARTMENT AT ALL BRANCHES.**

### MONTREAL BRANCH

E. C. GREEN, Manager

136 St. James Street