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ASPECTS OF TAXATION.

There was a spirited discussion in the House of Commons last week concerning taxation, from which several interesting points emerged. Critics of the Minister of Finance took the ground, broadly, that the present situation calls for the immediate imposition of an income tax by the Dominion, and that the additional "excess profits" tax is unfair through its failure to reach wealthy men not engaged in business, but who can well afford to pay additional taxation. Some of the critics also condemned this tax on the ground that it would militate against capital coming to Canada. Sir Thomas White defended the "excess profits" tax with the argument that the war is more important at the present time than attracting more capital to Canada. He pointed out that it is impossible to pass legislation covering the cases of only a few wealthy men, and intimated his opinion as regards income tax that "a burden should not be placed upon the average citizen deriving an income which would be subject to taxation until the necessity is absolutely clear, and until it is indispensably necessary in the national interest that we should impose such taxation." Sir Thomas also suggested that with the war lasting another year or two—seemingly a very probable contingency—that an income tax would be found necessary.

Judging by the tone of the discussion, several of the Parliamentary advocates of immediate income tax, were under the impression that such a tax could be made a temporary tax, say for the duration of the war. The probabilities, however, are strongly in favor of the view that when a Federal income tax is finally introduced in Canada, it will be not a temporary expedient, but a permanent tax, for the purpose of helping to pay pensions and meet interest obligations upon an enormous national debt. With no idea of taking a pessimistic view regarding after the war possibilities in Canada, it is yet difficult to see how the first few years when the conflict is over, are to be got through without an income tax. The inauguration of a Federal income tax is, however, beset with difficulties owing to the fact that various provinces and municipalities already exercise, or are about to exercise, their powers of imposing taxes on personal incomes. Obviously, if such a tax is to be distributed

equitably throughout the Dominion, allowance will have to be made for the existing impositions. Moreover, and this is a point some of the advocates of an immediate income tax overlook, it will take considerable time to get the machinery of a Dominion income tax into proper working order, and the tax at its maximum of productivity. That maximum also is likely to be considerably less than might be anticipated at first sight through the fact that the recent War Loans, and presumably those to be issued in the future, are free of any Dominion income tax. It is to be hoped in any case that when the Dominion Government finally takes the plunge for an income tax, the experience of Great Britain and the United States will be utilized, and a scheme brought out, which through grading and allowances, will distribute the burden reasonably according to the capacity to bear it.

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Criticism of the present additions to the "excess profits" tax on the ground that the tax will militate against capital coming from abroad need not be taken too seriously. With taxation at its present level in Great Britain and the proposed programme of new war taxation in the United States, those in control of capital abroad are not likely to find the Canadian scale of taxation over-onerous. Moreover, the tax is admittedly only a temporary one. The justification for this tax is that it falls, generally speaking—though with some exceptions—upon those who have made large profits as a result of the war. If they are not to be taxed, who is?

THE BANK OF MONTREAL'S EARNINGS.

The Bank of Montreal's profits for the half-year ended April 30th last were \$1,182,610, an increase of about \$115,000 on the amount reported for the last corresponding half-year of \$1,067,240, and comparing with \$1,030,194 in the half-year ending April, 1915. The present profits are equal to 7.39 per cent. per annum upon the capital and rest combined, compared with 6.67 per cent. in the last corresponding half-year.

Two quarterly dividends at the rate of ten per cent. per annum, and a bonus of one per cent. absorb \$960,000; for the war tax on bank note circulation \$80,000 is provided, a sum of \$142,610 being then added to the accumulated balance on profit and loss account which now amounts to \$1,557,034.

THE BANK'S BALANCE SHEET.

The following are the leading figures of the Bank's present half-yearly balance sheet in comparison with that of the corresponding half-year of 1916:—

	1917	1916
Paid-up capital	\$16,000,000	\$16,000,000
Rest	16,000,000	16,000,000
Profit and Loss Balance	1,557,034	1,321,193
Circulation	21,891,437	17,936,058
Deposits not bearing interest	91,412,285	134,601,102
Deposits bearing interest	232,731,994	194,006,551
Total liabilities to public	350,580,565	356,538,614
Specie	21,556,501	18,432,736
Dominion Notes	30,971,312	49,640,567
Central Gold Reserves	7,000,000	3,000,000
Bank Balances abroad	23,189,920	67,171,736
Call Loans abroad	114,156,888	90,275,566
Securities held	59,085,684	31,021,547
Total of Quick Assets	270,004,422	272,093,194
Current Loans and Discounts	109,313,438	111,424,634
Total Assets	386,806,888	390,421,701

Extended reference to the Bank's position and the experience of the half-year is made on the front page.