



CANADA

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## CONTENTS

Heavy Spending: Minor Tax Cuts .....	1	Seaway Tolls .....	5
Record Construction for 1958 .....	2	Increased Library Use .....	5
Manitoba Election .....	2	FAO Director Visits Canada .....	6
Sea to Sea By Microwave .....	3	Visiting Quebec City .....	6
Foreign Investment Soars .....	4	Duty in Lebanon .....	6
Geological Survey Programme .....	5	NORAD Pact Approved .....	6

## HEAVY SPENDING: MINOR TAX CUTS

Basing his revenue forecasts on a gross national product of \$32 billion, up 2 per cent over 1957, Finance Minister Donald Fleming on June 17 brought down the budget in a crowded House of Commons.

Mr. Fleming said the anticipated total revenue in 1958 was \$4,652 million, some 8 per cent below last year's receipts, and that he had budgeted for expenditures of \$5,300 billion, with revenue falling short of expenditure by \$648,000,000.

No basic changes in tax rates were made, but Mr. Fleming announced a number of minor reductions of widespread application.

Income tax changes include a widening of deductions for medical expenses to include the cost of drugs and medicines prescribed by a physician. Amounts paid for eye-glasses, artificial eyes, laboratory service and ambulance charges are also put under the 3 per cent of income allowed for medical deductions. This applies to all payments made after today.

Other proposed amendments enlarged the eligibility of husbands supporting estranged wives and widened the exemptions on gifts from husbands to wives or from parents to children.

Corporations will be allowed to deduct 10 per cent instead of 5 per cent covering donations to educational or charitable organizations.

Forecasting stiffer anti-dumping legislation to be introduced at this session of Parliament, the Minister proposed several tariff changes. These include a new iron and steel

tariff, a new oil and gas pipe schedule, higher duties on British woollens and on zinc and zinc products. There was also a wide variety of miscellaneous tariff alterations. All changes go into effect at midnight tonight.

The following are highlights of the budget speech:

No change in personal or corporation income tax rates.

Budget deficit for 1958-59 peacetime record of \$648,000,000 compared with \$39,400,000 last year.

Minor tax cuts total \$8,000,000 for remainder of current year, \$26,000,000 in full year.

Peacetime record expenditures of \$5,300,000,000 and revenues falling to \$4,652,000,000 forecast.

Government to borrow an estimated \$1,400,000,000 in new money this year to cover budget deficit and federal loans.

Tax-deductible medical expenses to include prescription medicines, spectacles, diagnosis, effective immediately.

No change in tax on automobiles, tobacco products, liquor, radio and TV sets.

Tax deductibility of charitable gifts by corporations doubled to maximum 10 per cent of income, effective January 1, 1958.

Once-in-a-lifetime gift tax exemption on real estate transfers of up to \$10,000 between husband and wife, or father and child, effective this year.

(Over)