

The usual complaint regarding call loans is that Canadian banks are loaning their funds in New York to the detriment of the business community in Canada. As the late Mr. Alexander Laird, former general manager of the Canadian Bank of Commerce, once put it: "Notwithstanding all that financial critics have written about the Canadian banks sending to New York moneys needed in Canada, in order to take advantage of the high rates occasionally prevailing there, such a thing as a bank curtailing its commercial loans in Canada for a purpose of this kind is absurdly improbable."

This particular business between Canadian banks and New York has been going on for half a century. The results have been satisfactory to Canada because they have wielded a steady profit to the banks, have strengthened their position and have enabled them to lend to their Canadian customers on more favorable terms than perhaps would have been possible otherwise. The larger portion of these loans are carried in New York at 24 hours' call and are practically as readily available as cash. Except on rare occasions, New York call loans bear a lower rate of interest than Canadian mercantile loans. Therefore, the Canadian banks aim to carry such an amount on call in New York as will constitute, with the cash carried in Canada, a reasonable reserve of cash and immediately realizable funds.

#### Rates Rarely High.

Only occasionally during the past 20 years have excessive rates for call money prevailed in New York for more than a few days in a year. Obviously, a Canadian banker would not sacrifice prominent business connections in Canada for such a temporary advantage. Selfish reasons alone would be sufficient to prevent the banks from lending Canadian funds outside of the Dominion except to the extent that is necessary for the purposes of their cash reserve.

## STAMP TAXES WERE REVENUE FEATURE

### They Applied to Railroad Tickets, Patent Medicines and Other Things—Tax on Bank Circulation

In order to supplement the national revenue, the following special taxes were proposed at the February session and became law soon after:—

Upon all banks to which the Bank Act applies a yearly sum equal to one per cent. upon the note circulation, to be computed and paid quarterly.

Upon every trust and loan company incorporated under any legislative authority and carrying on business in Canada a yearly sum equal to one per cent. of its gross income derived in Canada, payable quarterly.

Upon every insurance corporation, society, association, firm or partnership carrying on the business of insurance, other than life, fraternal benefit and marine insurance, a sum of one per cent. upon all net premiums received by it in Canada. Payments to be made quarterly.

The provisions of the bill will apply to business of the respective banks, trust and loan and insurance companies transacted after January 1st, 1915, and the first receipts therefrom will reach Consolidated Revenue Fund about May 1st.

#### Telegraph Messages and Tickets.

In addition the following taxation was provided for:—

Upon every cable and telegraph company using telegraphic cables or wires within the jurisdiction of Canada a sum equal to one cent upon each despatch or message originating in Canada for which a charge of fifteen cents or more is imposed. Returns to be made quarterly. The company is authorized to charge the additional toll and collect the same from the person sending the message.

Upon every purchaser of a railway or steamboat ticket in Canada for any point in Canada, Newfoundland, the West Indian colonies or the United States the sum of five cents in respect of a ticket costing over one dollar and not more than five dollars, and five cents for each additional five dollars or fractional part of five dollars which the ticket costs.

Upon every purchaser of a berth in a sleeping car or seat in a parlor car the sum of ten cents in respect of each berth bought and five cents in respect of each seat bought in Canada.

The railway or steamboat company or person selling the railway, sleeping car and parlor car tickets referred to are required to collect the taxes imposed and transmit to the Government.

Upon every person, firm or company carrying passengers by vessel to ports or places other than ports or places in Canada, Newfoundland, the British West Indian colonies and the United States, in respect of each passenger the sum of one dollar if the amount chargeable for the passage exceeds ten dollars, the sum of three dollars if such amount exceeds thirty dollars, and the sum of five dollars if the amount exceeds sixty dollars. The company is authorized to collect the tax from the passenger and is required to account therefor to the Government.

#### Stamps on Cheques.

In addition to the above the following stamp taxes:—

Upon all cheques, receipts to banks by depositors and upon bills of exchange passing through a bank a stamp tax of the value of two cents.

Upon all express and post-office money orders a stamp tax of the value of two cents and upon postal notes a stamp tax of one cent.

Upon every letter and postal card posted in Canada a war stamp tax of one cent.

Upon every bill of lading a stamp tax of two cents.

Upon proprietary or patent medicines and perfumery sold in Canada, the retail price for each bottle or package of which is ten cents or less, one cent, and in addition for each ten cents of retail price, one cent.

Upon wine, non-sparkling, sold in Canada, for every bottle or package containing one quart or less, five cents, and for each additional quart five cents.

Upon champagne and sparkling wine sold in Canada, every bottle containing one pint or less, twenty-five cents, and for each additional pint twenty-five cents.

#### Income Tax Omitted.

From all these special taxes it was expected to raise \$8,000,000, although there is no means of accurate calculation. In these special taxes income tax upon individuals was omitted. The matter had the consideration of the Government, who thought that such a tax was not expedient, at all events for the present. Under the British North America Act, while the Dominion may impose direct or indirect taxation, the provinces are restricted to the former. At present, under legislation existing in certain of the provinces income is subject to taxation by municipalities, and in two instances by the provinces themselves. In other provinces no income tax exists, although in some of these a business tax in lieu thereof is levied upon incorporated companies. In order to bring into force an income tax the Government would be obliged to create machinery for assessment, revision and collection. This would involve a heavy expense as compared with the amount which would be realized.

## ITALIAN LOAN OFFERED HERE

An Italian war loan for a billion of liras was offered in Canada last summer, the Canadian Bank of Commerce acting as local bankers.

The following information was given regarding the loan:—

1. The loan is represented by a bond to the bearer beginning from July 1st, 1915, and will bear interest at 4.50 per centum each year, net of whatsoever tax, present or future, payable on June 1st and July 1st of every year.

2. This loan is offered to the residents of America and Canada at the price of ninety-three liras for each hundred liras of capital, with the interest accrued from July 1st, 1915, until day of payment.

3. The Royal Government pledges itself to not withdraw the bonds nor to reduce the interest until January 1st, 1925. From this date the same will be reimbursable at par.

A comparatively small amount was subscribed in Canada.