

fund should normally show a slight deficit. The 2 percent sales tax and the 2 percent corporation tax would be applicable as of January 1st, 1952, but the additional 2 percent tax on personal incomes would be applied only as of July 1st, 1952, so that for the first year the additional tax on personal incomes would actually be 1 percent or \$30 whichever amount was the lesser.

It would be recalled that the Joint Parliamentary Committee on old age security had suggested the possibility of establishing a payroll tax to defray part of the costs involved under the old age security legislation. However, since it was thought impracticable to attempt to collect such a tax from important groups of employees, i.e., employees of provincial and municipal governments, hospital staffs, farmers and other self-employed persons, it was felt preferable not to resort to this method.

Although pensions would become payable as of January 1st, 1952, relatively modest sums would be credited to the old age security fund from contributions in view of the fact that the new personal income tax would not be deducted at the source until the middle of 1952 and that corporation taxes for 1952 would not be collected until about the middle of 1953. There would, however, be a provision in the bill authorizing the Minister of Finance to advance temporary loans to the fund from time to time. The bill would also provide that, in the event revenues accruing to the fund were insufficient, the Minister of Finance might recommend to Parliament whatever measures seemed appropriate for the purpose of increasing such revenues.

10. Mr. Abbott added that because of a combination of circumstances, i.e., a substantial increase in the Gross National Product which would probably reach \$21 billion this year and a slower rate of defence expenditures than had been anticipated, the surplus for the current fiscal year would be considerably greater than had been forecast when the budget was submitted to Parliament. There would, therefore, be no problem in crediting to the old age security fund whatever sums were required to carry the old age security programme until the next budget was submitted in the Spring of 1952.

11. The Prime Minister said the Minister of National Health and Welfare was of opinion that the fiscal proposals submitted by the Minister of Finance in connection with the old age security programme

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