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THE NEW INCOME TAX.

The proposals contained in the Dominion budget for the enlargement of the Canadian Government's income tax illustrate afresh the tendency among the Allied countries, which has been evident during the last year or two, to imitate each other's successful experiments in the vital matter of war taxation. The amendments to the War Income Tax Act now proposed follow closely American practice in the taxation of incomes, as did the original Act passed last Session. There are obvious reasons why American, rather than British practise in this connection, should be followed in Canada. While in Great Britain, the machinery of the income tax has been brought to a high degree of perfection (and complexity) as the result of several generations of experience, American conditions approximate more closely to Canadian conditions than do British. To refer to the details of the new proposals, the lowering of exempted income to $1,000 in the case of unmarried persons and to $2,000 in that of married, with an allowance to the latter for each dependent child, is exactly similar to the corresponding provisions of the American legislation now in force. Doubtless, the dependent children's allowance will be cordially welcomed by those who have found family budgets of necessity considerably enlarged on the expenditure side by reason of the higher range of price for staples and necessities which have come into effect during the war.

The income tax upon corporations and joint stock companies is to be raised from the existing flat rate of four per cent. to the American level of six per cent. But it is apparently intended that Canadian corporations shall retain the concession, not made in the States, of an exemption of $3,000. Only a proportion of Canadian corporations are, of course, at present subject to the income tax. A large number are assessable under the Business Profits War Tax Act, and their number will be increased through the proposal, to be included in the prospective re-enactment of this Act for another twelve months, to comprise within its scope, corporations having a capital of $25,000 and upwards, the previous level of exemption having been $50,000. A certain number of corporations, including the banks, insurance, trust and loan companies other than life, will presumably continue to be excused from income tax, to the extent of the special taxation paid by them under the war-taxation legislation passed in 1915.

With regard to the tax on personal incomes, the proposed novel sur-tax will result in slightly enlarged demands upon the moderately well-to-do, and the regrading of the super-tax will largely increase the assessments of the wealthy. While the arrangement of the new Canadian scale of graded taxation for large incomes differs somewhat from that in force in the United States, the results in the amounts of taxation secured from specified large incomes will be very similar. Married persons having a taxable income of $5,000 are, under the existing Canadian legislation, assessed for $120; under the new legislation they will be assessed $140; the American assessment for the same taxable income is $130. Similarly, a taxable income of $10,000 is at present assessed for $360. Under the new arrangement it will be assessed for $392. The existing American tax on this income is $355. The Canadian tax on incomes of $20,000 will be raised from $1,250 to $1,382; the American tax is $1,180. On incomes of $50,000, the present Canadian tax is $5,260; it will be raised to $5,782; the American tax is $5,180. Taxable incomes of $100,000 are assessable for $14,760 in Canada at present; under the new arrangements, the tax will be $17,607; in the United States, it is $16,180. The present Canadian assessment on $200,000 incomes is $43,760, it will be raised to $50,957, and in the United States is $49,180. On $500,000 incomes the present Canadian assessment is $130,760; it will be raised to $195,407; the American assessment is $192,680.

In the case of incomes of from $5,000 to $50,000, the only addition proposed, beyond the trifling one brought about through the lowering of the limit of exemption, is that of the surtax. This tax, which perhaps has not been readily understood generally, is calculated at a given percentage of the total normal, and supertaxes on the incomes specified, the percentage being on incomes specified, the percentage being on incomes of $6,000 to $10,000, 5 per cent; $10,000—$100,000, 10 per cent.; $100,000—$200,000, 15 per cent.; over $200,000, 25 per cent. Beyond $50,000, the super-tax will be sharply regarded, as is evidenced by the enlarged amounts which will be payable on specified taxable incomes already particularised. Under the existing legislation, the supertax on incomes between $50,000 and $100,000 is 15 per cent., and on incomes over $1,000,000, 25 per cent. The propos-

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