

Total Revenue from Taxes

<u>1939-40</u>	<u>Estimated 1940-41</u>	<u>Budgeted, 1941-42, for Full Fiscal Year</u>
\$468,271,000	\$778,290,000	\$1,369,310,000

Direct taxes of all kinds are expected in the present fiscal year to raise a great deal more than in the last fiscal year. The following are the figures for the three fiscal years, beginning 1939-40; they show the sharp increase in direct taxes since the pre-war period:

Total Revenue from Direct Taxes

<u>1939-40</u>	<u>Estimated 1940-41</u>	<u>Budgeted, 1941-42, for Full Fiscal Year</u>
\$136,910,000	\$274,690,000	\$732,000,000

In the 1940-41 fiscal year about five times as many Canadians as in the 1939-40 fiscal year paid income taxes of all kinds. And rates were substantially higher. This year the rates are up again.

On personal income the new graduated rates will begin at 15% on the first thousand dollars of net taxable income instead of 6% or 8% as at present. The National Defence Tax rates, as from July 1 next, will be increased from 2% to 5% and from 3% to 7%.

Other minor changes have been introduced to make the new burden as equitable as possible. The Federal Government, in order to spread the tax load as fairly as possible through all sections of the country, has offered to provide the Provinces with moneys equal to the amount of their personal and corporation income tax collections, if the Provinces will agree to vacate these two tax fields for the duration of the war.

The net result of these changes for the taxpayer in the middle income brackets is that he will have to pay about twice as much income tax on his 1941 income as he paid on what he earned in 1940.

The following table gives some idea of the way in which Federal taxes on personal income (including the National Defence Tax on 1940 and 1941 income) have increased since the outbreak of war: