Monetary Times

Trade Review and Insurance Chronicle of Canada

Address: Corner Church and Court Streets, Toronto, Ontario, Canada.
Telephone: Main 7404, Branch Exchange connecting all departments.
Cable Address: "Montimes, Toronto."
Winnipeg Office: 1208 McArthur Building. Telephone Main 2663. G. W. Goodall, Western Manager.

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PRINCIPAL CONTENTS OF THIS ISSUE

INCOME TAX

According to the income Tax Act which operates in Canada for the first time this year, returns must be made to the Dominion government before February 28th. The taxes are payable on June 1st next. Returns of income in 1917 must be made by all married persons in receipt of income in excess of $3,000 and unmarried persons in receipt of incomes in excess of $1,500. The law applies to all residents of Canada within that category and all corporations operating in the Dominion. There has been delay in issuing the necessary forms on account of exceptionally heavy work in the government printing office. Because of this delay, the date by which returns should be made, namely, February 28th, will be extended. Copies of the Act may be obtained from the Department of Finance, Ottawa. Useful summaries and comments regarding it have been issued by the Royal Bank of Canada, Montreal, and the Bank of Hamilton, Hamilton.

In its compilation, the Bank of Hamilton points out that if one is the member of a partnership, or syndicate, one pays on one's share of the partnership, or syndicate, profits (the actual partnership is not taxed) and is liable to taxation on profits made but not distributed, as well as on what one actually withdrew during the year.

If in addition to salary, or fixed income from a trustee, one has real estate affording a revenue, expenses such as interest on mortgage, taxes, insurance, repairs and possibly reasonable depreciation on buildings (but not depreciation on the general value) may be deducted from the gross revenue, and on what is left of the income derived therefrom pay tax.

If one has a fixed salary and unproductive real estate, the cost of carrying this cannot be deducted from the income by way of salary, but if there are other sources of income one may, as far as they go, charge the expense of carrying the unproductive asset to them.

If outside salary or regular income a person invests, say, in bonds or stocks, profit on the capital invested is not taxable, nor loss deductible from income, but interest or dividends (unless in the latter case the company declaring them has paid tax under the Act, or in the former case they be Dominion bonds issued free of tax) received therefrom are taxable. As in the case of the business profits tax, many queries will arise but the act should be working smoothly in the near future. In the meantime, enough is known of its provisions for the public to prepare to complete their forms, as soon as received and return them promptly to the authorities.

INVESTORS AND PEAT

The shortage of fuel has revived interest in the proposal to manufacture peat fuel. Already there are signs of the organization of many companies to develop the peat bog areas of Canada. Appeals will probably be made to the public for capital for this purpose. In that event, investors will do well to remember that the Dominion government, through the mines branch of the Department of Mines, thoroughly investigated the manufacture of peat fuel some years ago. The investigation proved that, as the water in peat is in what is called the "colloidal" form, it cannot be expelled by pressure. Similarly, processes for expelling the moisture by the application of artificial heat will inevitably fail on account of excessive cost.

In a timely warning, the Commission of Conservation, Ottawa, states that it is because such methods of manufacture have been stubbornly adhered to in the past, that so much money has been lost in attempts to create a peat fuel industry in Canada. Raw peat contains from 86 to 90 per cent. of water. Pressure will not reduce this to less than 80 per cent. The only economical method for expelling the moisture is by the action of the sun and wind. The chemical properties of the raw peat foredoom to failure any process of manufacture utilizing pressure to reduce the moisture content.