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Modified budget still aims at economic growth and lower inflation

Finance Minister John Turner, who introduced a budget in the House of Commons on November 18, stated that it contained measures "to maintain healthy economic growth and reinforce the attack against inflation" - the same aims inherent in the May 6 budget that had been defeated.

"Two of the measures proposed in that budget have already been implemented," said Mr. Turner. "The average yield of outstanding Canada Savings Bonds has been removed. The Government believes that all of the remaining proposals included in the last budget are required to deal with current economic conditions and it is my intention to reintroduce them, modified as necessary to meet the requirements of today.

"These broad measures need, however, to be supplemented and extended because economic conditions and prospects have changed significantly both at home and abroad...."

The following are the main measures in the reinstated budget:

Resource-taxation proposals

As a federal contribution to resolution of resource-taxation issues, May 6 proposals will be modified to:

.Increase the special abatement for petroleum profits after 1974 so that the federal rate of tax will be 30 per cent in 1974, 28 per cent in 1975 and 25 per cent in 1976 and subsequent years.

.Restore the 100 percent write-off for exploration expenditures, in place of the proposed rate to 30 per cent.

The budget reintroduces the other May 6 proposals regarding resources, including:

.A basic 50 percent national tax rate to which will be applied abatements and incentives.

.A 15-point resource-profit abatement for mineral production profits, bringing total abatements to 25 points.

.Earned depletion, at a rate of 25 per cent of production profits rather than 33 1/3 per cent.

.Non-deductibility of royalties, taxes and like payments to governments in computing income tax.

.Reduction of the write-off for development expenditures to 30 per cent.

Budget in brief

Highlights of the federal budget were published as follows by The Canadian Press on November 19:

Personal income taxes reduced for the year by a minimum \$150 and a maximum \$500, for next year by a minimum \$200 and a maximum \$750.

Federal sales tax cut to 5 per cent from 11 per cent and 12 per cent respectively for building materials and construction equipment.

Liquor taxes increased 24 cents for 25-ounce bottle, wine taxes up 6.5 cents a 25-ounce bottle, and tobacco taxes raised 2 cents a package of 20 cigarettes.

New income tax exemption reintro-

duced for first \$1,000 of interest income and extended to include dividend income and private pension benefits.

Duty-free allowances for tourists returning from abroad doubled to \$50 after 48-hour stay and increased to \$150 from \$100 for visits seven days or longer.

Taxpayers permitted tax-free savings of \$1,000 annually, up to \$10,000 limit, for purchase of first home.

Reduced federal tax rates promised for petroleum and other resources, but most controversial tax measures affecting oil and gas companies retained.

New apartment construction costs allowed as a deduction from other income for tax purposes.

Equalization formula governing pay-

ments to poorer provinces changed to blunt the impact of rising oil revenues.

Twelve percent federal sales tax removed from transportation equipment such as railway cars, large trucks and commercial aircraft.

Special 10 percent surtax reintroduced for corporate profits earned between May 1, 1974, and April 30, 1975.

The two-year tax write-off on new machinery for manufacturing and processing, scheduled to expire December 31, extended indefinitely.

Budget surplus of \$250 million forecast for 1974-75 on projected revenues of \$25.1 billion and projected spending of \$24.85 billion.