

TAXES PAID BY FIRE COMPANIES

Some years ago, The Chronicle published annually a calculation of the taxes paid by the fire insurance companies in Canada, and in the subjoined table this calculation has been brought up to date. Owing, however, to various complexities introduced by war taxation, it has not been possible to calculate the later years on exactly the same basis as former years. For instance, in the earlier years of what may be called normal taxation—although, in fact, such taxation can scarcely still be considered normal—it was possible in the case of the Canadian companies doing business abroad to proportion their taxation according to the origin of their premium income. Such proportioning, however, in the later years, can scarcely be made with any degree of accuracy, owing to the incidence of the Canadian Business Profits War Tax, and accordingly in 1917 and 1918, all the taxes paid by the Canadian fire companies are included in the tabulation. The fact that some of the companies have had to pay the heavy British Excess Profits Duty, on at least a portion of their business should be borne in mind, when consideration is given to the present figures. To some extent, this probably accounts for the meteoric rise in the Canadian companies' taxation in 1917 and 1918, although it is also believed that heavy Canadian Business Profits War Tax assessments have been met by some companies during these periods.

In the case of the British and foreign companies, of course, the taxes included in the calculation are only those paid to Canadian taxing authorities on account of Canadian business.

It will be noted from the table that while in the three later years of the calculation, taxation has moved to a definitely higher level than in the preceding periods, the marked rise in the proportion to premium income which occurred in 1914 to 1916, has not since further developed. While the companies are subject to more or less stable war taxation in the shape of the one per cent. tax upon their gross premiums imposed by the Special War Revenue Act of 1915, the incidence of the Business Profits War Tax upon the companies, with the extraordinary fluctuations in their experience of profits from year to year is what may be called "accidental," and must mentally remain so, while this tax is in force. Moreover, the large increases reported by the companies in premium income have to some extent, tended to keep down the proportion of taxes to premiums.

As will be seen from the table, the taxes paid by the British fire companies to Canadian taxing authorities in respect of their Canadian business

only, have averaged during the last three years over \$450,000 annually, or twice the amount paid in 1914. In the case of the American companies, the average for the last three years is over \$350,000 in comparison with the 1914 figure of \$148,000. Proportions of these taxes to premium income have not developed to the same extent as the actual taxes paid, but a growth of over one per cent. in taxation in proportion to premium income, is no small matter, when regard is paid to the slim margin of profit achieved by the fire companies as a whole on their underwriting operations over a term of years. Consideration of such figures as those appended can only intensify regret that means have not yet been found by legislative enactment to bring the unlicensed companies which absorb a large amount of Canadian premiums, more completely within the provisions of the Canadian tax collector. In recent years one or two of the provinces have done something in this connection, but it is to be feared that their activities in this direction do not equal the energy with which they impose taxation upon the regularly licensed companies.

A FIVE YEARS' SUMMARY OF TAXATION

Companies	Canadian Net Premium Income	Canadian Taxes Paid	% Taxes to Premium Income
1914			
Canadian	\$5,016,654	\$117,669	2.34
British	13,710,908	230,078	1.68
Foreign	8,771,599	148,551	1.69
	\$27,499,161	\$496,298	1.80
1915			
Canadian	\$ 4,559,076	\$144,117	3.16
British	13,609,360	350,252	2.58
Foreign	8,306,397	222,904	2.68
	26,474,833	\$717,273	2.71
1916			
Canadian	\$ 4,817,876	\$187,565	3.89
British	14,294,803	458,548	3.21
Foreign	8,671,173	391,246	4.51
	\$27,783,852	\$1,037,359	3.74
1917			
Canadian	\$ 4,782,833	\$388,956	8.07
British	16,317,311	440,482	2.70
Foreign	10,146,386	360,081	3.55
	\$31,246,530	\$1,189,519	3.84
1918			
Canadian	\$ 5,570,095	\$405,923	7.28
British	18,658,710	490,369	2.63
Foreign	11,725,600	322,684	2.75
	\$35,954,405	\$1,218,976	3.39