

## INCOME TAX ACT

### *New Legislation Requires Tax Payers to Calculate Own Taxation. Incorrect Statements to be Subject to Penalty.*

In our weekly article on the General Financial Situation published in this issue, the particular attention of The Chronicle readers are directed to the following very important portion of the article dealing with the Income Tax Act.

"It would be well for the public to acquaint itself with various of the provisions of the Income Tax Act which is now going through Parliament. The newspapers unfortunately, have paid little attention to some features of the new legislation which are of very great importance to the public at large. This is particularly the case in connection with the Income Tax returns for the current year which will be required to be made next spring. Instead of, as hitherto, making their returns merely, and waiting for the bill to come in, taxpayers will be required to calculate their own Income Tax and send a cheque when filing their return. This cheque may be for the full amount or for a proportion, not less than 25 per cent. In the latter case they will be required to pay the balance of the tax within six months, together with interest at the rate of six per cent. per annum upon the balance unpaid. The return will of course be subsequently checked. Error in understatement of income up to 10 per cent. will merely have the comparatively mild result of a bill for the balance of the tax unpaid, plus interest at the rate of 10 per cent. Error in mistatement of between 10 and 20 per cent. means a penalty of 50 per cent. of the deficiency; in addition an error exceeding 20 per cent., a penalty of 100 per cent. of the deficiency. So that the making of Income Tax returns next spring will not be a matter to be undertaken lightly, since the penalties provided for error are by no means light, and as some tax payers are painfully aware, Income Tax penalties are now being enforced."

The Chronicle, however, consider it very unreasonable for any Government to impose a penalty on the general public, until the tax department renders a bill showing how much is due. Failure to pay the amount as adjusted by the Government within thirty days, might reasonably subject the delinquent to a fine. The Government might reasonably ask for a minimum amount of 50 per cent, instead of 25 per cent, as proposed to accompany statement, and charge six per cent. on balance, to run from a set date, until the statement is finally adjusted by the rendering of the bill by the tax department. As stated above, the imposition of a penalty, before first rendering a bill showing a tax payer how much he owes, seems an iniquitous proposition, and one which is likely to cause a good

deal of adverse criticism, if carried out. As however, "it is an ill wind that blows nobody any good," the new provisions now being enacted in the Income Tax Act, are likely to enrich the pockets of brokers, and accountants at the expense of the general public, as the latter will find it necessary to seek the service and advice of both. It may not be too late to have the unreasonable elements eliminated, which will also cause confusion in the Tax Department if enacted.

## THE OCEAN ACCIDENT & GUARANTEE CORPORATION LIMITED

The Ocean Accident & Guarantee Corporation has a world-wide reputation of the very highest amongst its policyholders, and the energy and professional skill with which its career has been directed for many years marks it as one of the most notable of British insurance institutions. The annual statement for 1919 disclose results of a most favourable character. In all important particulars, the years business shows substantial increases compared with preceding year. The net premiums for the year totalled \$21,641,440 as compared with \$18,846,305, a growth of \$2,795,135 following a growth of \$3,044,055 in 1918 over 1917. The compensation paid and provided for amounted to \$11,116,900, giving a proportion of 54.9 per cent. to premium income, slightly higher than in 1918, when the loss ratio figured at 53.88 per cent. Investments and other Assets increased from \$28,778,660 to \$33,212,080, a growth of no less than \$4,433,420. The balance from revenue account, (including \$7,518,780, proportion of premium unearned) increased from \$15,304,600 to \$17,534,465. The investment reserve and general contingency fund has been increased to \$1,454,215. The reserve against unearned premiums totals \$9,994,485, as against \$8,320,530 in 1918. An additional reserve fund of \$1,500,000 is maintained. These figures indicate the unexcelled security to policyholders of this widely known and popular institution.

### *The Corporation in Canada*

The Ocean has a high prestige in Canada in keeping with its fine financial standing. The affairs of the Corporation are conducted with skill, and sound and honourable methods are adhered to, in its Underwriting throughout the Dominion under the direction of Mr. W. T. Perry, manager for Canada, assisted by Mr. J. Mingay.

In addition to its Casualty business in various branches, the Corporation, also conducts a fire insurance business throughout Canada under the management of Mr. W. E. Fudger. The Corporation's total income in Canada during 1919 exceeded \$1,020,000 with most satisfactory results.