

poration taxes, giving a total of over \$600 million. Surely that ought to be some inducement. The table follows:

Tax Relief—1945, 1946 and 1947	
Personal Income Tax	Revenue Reduction
1945—4 per cent	\$30 million
1946—16 per cent	115 million
1947—23 per cent	143 million
1947—additional family allowance	12 million
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Total Reduction — Personal Income Tax	300 million
Corporation Tax Cuts	
Tax reduction applying to income (1945 budget)	1945 corporation
Reduction of E.P.T. rate to 60 per cent and increases in minimum standard profits	\$95 million
Tax reductions applying to income (1946 budget)	1946 corporation
Net revenue loss from removal of 22 per cent flat E.P.T. rate and reduction of excess rate from 20 per cent to 15 per cent less increased revenue by raising 18 per cent corporation rate from 18 per cent to 30 per cent	\$135 million
Total reduction on corporation incomes excluding E.P.T. refundable taxes ..	\$230 million
Removal of E.P.T. refundable taxes	\$72 million
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Total corporation tax reductions including E.P.T. refundable taxes	\$302 million
Total reduction (excluding E.P.T. refundable taxes) ..	\$530 million
Total reduction (including E.P.T. refundable taxes) ..	\$602 million

Many of the salient features of the personal income tax proposals for 1947 do not seem to have been understood, and I should like to explain more fully some of the aspects of the proposals in order to clear up certain misapprehensions. The proposals will relieve completely of tax between 550,000 and 600,000 taxpayers in 1947, which is about one-quarter of the present number. Under the proposals, our exemptions will be increased to a limit higher than the limit in any other English-speaking country in the world. The exemptions of \$750 and \$1,500 represents a return of three-quarters of the way to the pre-war exemptions. Some have argued that the exemptions should be increased immediately to \$1,000 for a single person and \$2,000 for a married person. That would be going much farther than any responsible government would contemplate going in the light of our present financial position. The cost of increasing the exemptions to that level

would be almost \$300 million and would cut our income tax revenue in half. The revenue loss of \$143 million under the budget proposals represents almost one-quarter of our present income tax revenue. I submit that this will be regarded by all responsible persons as being a generous measure of relief. Surely it is sound ordinary common sense to meet our bills now as a nation when we are fairly prosperous rather than to postpone them to the uncertain future.

I think hon. members will be impressed, on closer examination, with the modest amount of tax that will be paid under our new proposals by the lower income people. For example, a single person with \$1,000 a year, who some call oppressed, will pay a tax of \$55, or about five per cent of his income. That would hardly seem to be an onerous burden. Similarly, a married man with an income of \$2,000 will pay a tax of \$118, or about six per cent of his income. In both cases the taxes paid will be lower than those imposed in the United States and Great Britain.

The reduction of taxation under the proposals is substantial for the great majority of taxpayers. The over-all revenue reduction is about twenty-three per cent, which comes on top of the sixteen per cent reduction now in effect. The percentage reductions are largely in the lower incomes. Below \$1,000 in the case of single persons and below \$2,000 in the case of married the percentage reductions average fifty per cent to seventy-five per cent. Over these incomes they average ten per cent to fifteen per cent, with the percentage dropping gradually from about fifteen per cent in the \$3,000 to \$4,000 class to about ten per cent at \$50,000. Above \$50,000, the percentage reductions are less than ten per cent. At \$100,000 it is around seven per cent; at \$200,000, about three per cent. In general, our income tax in 1947 will be below the 1941 level. We shall have reduced our taxes two years after the end of the war to below the level they had reached two years after the war started.

There appears to be a great deal of confusion regarding the place of family allowances under the proposed changes. Perhaps this confusion arises out of the transition from the present system to the new system rather than out of the new system in itself, which is the essence of simplicity. One misconception that is most prevalent is that all parents not now receiving family allowances will be forced to take them in 1947, but that they will be required to repay the whole amount of the allowance to the government. Nothing could be farther from the truth. Next year