

The new rule is meant to ensure that in the high-risk business of mining, taxes would not be paid until investments in new projects are recovered, but it would do so on a more economical basis than the present exemption.

The second major change proposed by the White Paper concerns depletion allowances. The existing maximums would continue to apply – generally no more than one-third of production profits – but a taxpayer could run out of depletion allowances unless he continues to explore for and/or develop Canadian mines.

Every \$3 of qualifying expenditures made under White Paper proposals would “earn” the taxpayer the right to \$1 of depletion allowances if and when his production profits permit.

Under this provision, depletion allowances on properties acquired after the date of the White Paper would have to be “earned”. Current automatic allowances would be continued for five years on existing properties as a transitional measure.

TERMS

It is proposed that the White Paper definition of expenditures which would earn depletion be enlarged to include new facilities located in Canada to process mineral ores to “the prime metal stage” or its equivalent. “Prime metal” is the stage at which metal is refined to a relatively pure state and is ready for manufacture or fabrication, e.g., pig iron, ingots.

The abatement system is the method by which the federal tax structure makes room for provincial taxation. In the case of corporate tax, the standard rates in the federal legislation are abated by 10 percentage points, and the provinces levy rates varying from 10 per cent to 13 per cent.

Rates of corporation income tax are applied to “taxable income”, which generally refers to profits remaining after all allowable deductions have been made.

UNIQUE INCENTIVE

In the mining industry, current allowable deductions include a major incentive not enjoyed by other segments of business – the immediate deduction of exploration and development expenditures.

A second special incentive proposed in the White Paper would allow immediate deduction of capital expenditures for new mines.

The timing of these incentives is a benefit, since it enables a mining corporation to write off expenditures immediately rather than over the life of the item or property. This results in an immediate tax saving worth more than a tax saving later.

In addition to the above deductions, a mining corporation would also be entitled to a special earned depletion allowance which would be a further deduction in arriving at taxable income. The proposed maximum earned depletion allowance is 33 1/3 per cent of production profits.

VISITING ANGLER TAKES 200TH TUNA

A British sportsman who has become a regular visitor to Newfoundland reached an impressive milestone in his fishing career on August 14. The three bluefin tuna taken by Mr. Ralph Whitaker of Harrogate, Yorkshire, England, brought his total tuna catch to 200 fish. He took three more the following weekend.

Mr. Whitaker, a 71 year-old bachelor, first visited Newfoundland for big game fishing in 1965, when he caught eight tuna in Conception Bay. Returning in 1967, he accounted for a further 16 of the big bluefins in 12 days of fishing. In 1968 he took 54 and last year, 23.

TUNA TOUGHEST CUSTOMER

Before fishing Newfoundland waters, Mr. Whitaker had acquired considerable experience in big game fishing all over the world. His travels include the Bahamas, Florida Hawaii, California, Panama, British Columbia, Portugal, Malta, Gibraltar and the Red Sea. He classes the bluefin tuna as the toughest competition among all game fish.

A BULL FOR UGANDA

A four-month-old Holstein bull, given to Uganda by Agriculture Minister H.A. (Bud) Olson on behalf of the Canada Department of Agriculture, will be used to upgrade the domestic dairy herds of this East African country.

Mr. Olson named the bull Showcase Canada. He is a son of Avon Glen Joan, an outstanding Holstein cow, and his father is Spring Farm Reflection Ormsby, one of Canada’s leading bulls.

Uganda is purchasing 600 pregnant Holstein heifers with money loaned by the Canadian International Development Agency.



The Minister of Agriculture, Mr. H.A. Olson, holds the halter of the bull calf Holstein, Showcase Canada.