

three times as much as the largest dividend ever earned by the company in its history. Another company, which is not unknown to members of this House, the William Davies company paid, during the year ending 1916, excess profits tax \$223,063. For the year ending March 27, 1917, if its earnings amount to the same it will pay \$1,380,000. But under the income tax, if its earnings in 1918 are equal to their earnings of 1917, it will pay only \$55,200. Take the Steel company of Canada, its net profits in 1916 amounted to \$3,728,494. Under the present law it contributed, by way of excessive profits tax, \$308,240. Under the income tax in respect of its earnings in 1918, it will only pay \$149,016. The net profits of the Nova Scotia Steel company, for 1916 were \$2,104,478, excess profits tax, \$237,252. But the income tax, payable in respect of its earnings for 1918, will only amount to \$84,056.

Sir THOMAS WHITE: Which tax will it pay?

Mr. KYTE: In respect to its earnings for 1917, it will pay the excess profits war tax.

Sir THOMAS WHITE: How much in respect of its income for 1917, the same year?

Mr. KYTE: It will pay nothing with respect to its income in 1917.

Sir THOMAS WHITE: The Nova Scotia Steel company will pay in 1918 the larger tax my hon. friend mentions.

Mr. KYTE: It will pay in respect of its earnings for 1917.

Sir THOMAS WHITE: To what income is the hon. gentleman referring? The income in 1917 or not?

Mr. KYTE: 1918.

Sir THOMAS WHITE: But this Bill relates to 1917.

Mr. KYTE: I stated that in respect of its earnings for 1918, assuming they are the same as for 1917, instead of paying \$237,252, it will pay \$84,056.

Sir THOMAS WHITE: On the assumption that there was no other legislation.

Mr. KYTE: I am taking the language of the Minister of Finance, and I am justified in doing so. The Ogilvie Flour Mills company, net profits, 1916, \$1,336,040. Its war tax was \$280,885. In 1918, in respect of its earnings for that year, under the income

tax, its taxation will be reduced to \$53,440. Take the Canada Foundry, net profit, 1916, \$653,852; war tax, \$222,368. Under the income tax that will be reduced to \$26,152. The Steel Company of Canada earned \$3,728,494. It has distributed \$814,741, a dividend of less than one-fourth of its earnings. This large company has not distributed, as is well known, all its earnings. Large proportions of earnings have been put

to one purpose or another, all of 5 p.m. which goes to increase the value of its plant and stock, so that when it comes to distribute its earnings amongst the shareholders, it is done, I have no doubt, with a view to reducing its taxation as much as possible. Under the new income tax the balance of \$2,900,000 would have been exempted entirely from taxation. The Canada Foundries distributed \$249,600. The income tax on that would amount to \$11,984. The corporation will pay \$26,152, or a total of \$38,136, compared to \$222,368 paid under the war profits tax. The Ford Motor Car company, with a capitalization of \$5,909,000, had profits in 1916 of \$3,202,678, equal to 54.2 per cent. Under the old war tax profits tax, 1916, it paid \$697,323. Under the present war tax it will pay \$1,782,095, whereas under the income tax, which we are now considering, that taxation will be reduced to \$127,987. The Canada Explosives capital employed \$9,377,000; profits in 1916 were \$3,094,410, equal to 33 per cent. The excess profits tax in 1916 were, \$609,537. For 1917 the war tax would be \$1,337,631. Under the present Bill the income tax will reduce the amount to \$123,656. The Northern Aluminium Company, capital employed \$3,860,000; profits, 1916, were \$1,636,640, equal to 42.4 per cent. War tax, 1916, \$341,679. War Tax, 1917, \$822,332, but that taxation under the present Bill will be reduced to \$65,565. The Nova Scotia Steel Company, capital employed \$7,687,387; profits, 1916 were \$1,487,125, equal to 19.34 per cent. Business profits tax, 1916, \$237,752. Business Profits Tax, 1917, \$30,754. The income tax for that company will be \$59,365. The Canada Forgings, capital employed \$1,455,526; profits, 1916, were \$991,359, equal to 68.1 per cent. War tax, 1916, \$222,368. War tax, 1917, \$590,689. The income tax will be \$39,534. Steel Company of Canada, capital employed \$13,963,000; profits, 1916, were \$2,210,343, equal to 15.83 per cent. War profits taxation, 1916, \$308,240. War profits tax, 1917, \$337,055. Income tax will be