

ing periods ending in 1915, 1916 and 1917, its repeal only affects the 1918 accounting period.

The next section defines an accounting period: "For the purposes of this Act an accounting period shall be taken to be the period for which the accounts of the business have been made up, but where the accounts of any business have not been made up for any definite period, or for the period for which they have been usually made up, or if a year or more has elapsed without the accounts being made up, the accounting period shall be taken to be such period and ending on such date as the Minister may determine."

It is almost needless for me to tell you that prior to the enactment of this Act many firms and companies, some quite large ones, did not have a regular accounting period, and their systems of bookkeeping were very poor. "Accounting period" is meant to be the regular and usual period for which the accounts and books of any business are kept, closed and determined for the purpose of showing the financial results of the operations for such period. You gentlemen will fully understand that, although all the business community apparently do not seem to so understand, they seem to think they can change their accounting periods as they see fit. In no case have they been relieved of payment of the tax for the full three years by so doing, and in some cases, unfortunately for themselves (for over that the Department has no control), they have made themselves liable for a longer period.

Sec. 5 sets forth the trades and businesses to which the Act shall apply. As originally passed it only applied to trades and businesses having a capital of \$50,000 and over; last session the Act was amended to include companies, firms and individuals engaged in trade or business with \$25,000 capital or over. Foreign companies shipping goods into Canada, on consignment of which the value at any time during the accounting period amounts to the sum of the capital set forth in the Act, will be considered as coming within the provisions of the Act; that is to prevent foreign companies coming into Canada and selling goods through agents, keeping a stock here or selling on consignment and escaping the tax. If this ruling had not been made it would mean that Canadian companies who have established a warehouse in this country would have this undue competition.

company incorporated in Canada whose business is carried on and assets situated entirely outside of Canada, is not subject to the provisions of the Act. The same provision was added to the Income War Tax Act during last session of Parliament; the idea being that no harm can come, but in fact good results to Canada by the incorporation of companies, and if the company is not doing business in Canada, but only has its head office here,