

## ORDINARY REVENUES

8. The personal income tax which yielded \$659,828,000 retained its position as the largest single source of revenue. The substantial tax reductions which became effective on January 1 and July 1, 1947, resulted in a revenue lower by \$34,702,000 than that of the previous year. This was a reduction of only 5%, a very small decline in relation to the extensive reduction in rates. The continuing high revenue from this source reflects the increased incomes and the high level of employment throughout the year.

9. Corporation income tax and excess profits tax, both levied on business profits, yielded a total of \$591,161,000, a decline of \$96,329,000 from the previous year's total. The corporation income tax yield of \$364,131,000 was \$125,339,000 more than in the previous year and indicates the result of the increase from 18% to 30% in the corporation income tax which became effective on January 1, 1946, as well as the high level of business profits in 1947. The excess profits tax yield of \$227,030,000 was \$221,668,000 less than in the previous year, showing the effects of the change made in the tax on January 1, 1946, as well as the reduction in the rates of tax.

10. Revenues under the headings "Taxes on Dividends and Interest" and "TAXES ON RENTS AND ROYALTIES" are derived from special taxes, largely on income going to non-residents of Canada, levied under authority of section 9B of the Income War Tax Act. In 1947-48 revenue under this heading amounted to \$35,889,000, an increase of \$5,753,000 over the previous year. This increase reflects higher dividend payments during the year and the extension of the 5% tax to dividends from wholly-owned subsidiaries going abroad to parent companies, which became effective on April 30, 1947.

11. Succession duties, yielding \$30,828,000, showed a marked increase of \$7,252,000 over the previous year. Although there has been an increase in revenue from this source every year since succession duties were first levied in 1941, the sharp increase in 1947-48 was largely due to the fact that seven provinces have rented this field of taxation to the Dominion and consequently there were no provincial duties in these provinces to be deducted from the higher Dominion rates which have prevailed since January 1, 1947.

12. Net revenues from customs import duties reached the all-time high of \$293,012,000, exceeding the receipts of the previous year by \$55,657,000. This very high revenue reflects the heavy import trade resulting from the extensive capital investment program, the high level of consumer purchasing power, and the widespread demand for goods, factors which were so much in evidence during the year under review and which contributed so largely to the serious depletion of the country's supply of United States dollars.

13. Excise duties, which are levied exclusively on alcoholic beverages and tobacco products, brought in a total revenue of \$196,794,000, an increase of \$750,000 over the previous year. The revenue from alcoholic beverages declined slightly and that from tobacco products increased moderately, by \$953,000. As in previous years, the smokers' contribution to the federal treasury was considerable, with the overall revenue from tobacco products (including the yield of the additional taxes imposed under the Excise Act on tobacco, cigarettes, cigarette papers and tubes), amounting to \$177,141,000. This is 7.2% of the total revenue from taxes.

14. Under the heading "Excise Taxes" are included a wide variety of taxes levied on commodities and services under the Excise Tax Act. The most important of these taxes from the point of view of revenue is the sales tax which yielded a gross revenue of \$383,012,000 during 1947-48, an increase of \$54,939,000 over the previous year. This increase of 16.7% reflects the increased supply of

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