

which is to be paid by the purchaser to the vendor at the time of sale for consumption or use, or importation for use other than sale.

"Upon certain articles of wearing apparel, such as boots, shoes, etc., in excess of \$9 a pair; men's and boys' suits in excess of \$45 each; fur coats and robes in excess of \$100 each; women's dresses in excess of \$45 each; women's suits in excess of \$60 each; men's and women's overcoats in excess of \$50 each; hats, hose, neckwear, shirts, purses and gloves bought above specified prices, and on fans and opera cloaks, it is proposed to levy a tax of ten per cent. of the total purchase price. The same rate of tax is to apply to trunks in excess of \$40 each; valises and suitcases, etc., in excess of \$25 each; ivory-handled cutlery, cut-glass ware, velvet and silk fabrics, lace, ribbons, silk embroideries and sporting goods.

French Treaty to Expire

"Under the terms of the French Treaty, silks, velvets, lace and silk embroideries were given preferential treatment. Not only was France interested in the treaty, but other countries making like importations received the full benefit of the treaty. These countries amounted to eleven in number, including Japan and Switzerland. The operation of the French Treaty ceases on June 19 next, and thereafter—subject to what further action may be taken when the tariff is revised—these articles will take rates from thirty to thirty-five per cent. instead of the present rates, ranging from twenty to twenty-seven and a half per cent. In addition to this these luxuries will be subject to the above excise tax of ten per cent. on the whole of their purchase price.

"A similar tax of twenty per cent. of the total purchase price is to be levied upon such articles as cigar and cigarette holders and pipes in excess of \$2.50 each; humidors and other equipment for smokers, hunting, shooting and riding garments, fancy pocket knives, gold, silver, ebony and ivory toiletware, articles of silver adapted for household or office use, jewelry, fur wearing apparel, except as provided above; liveries, Oriental rugs, expensive carpets and curtains and chandeliers.

"An excise tax of ten per cent. will also be payable at the time of sale by the Canadian manufacturer, or when imported, on boats, yachts, canoes and motorboats. When used for commercial purposes, a refund of this tax is provided for. Cameras, candy and confectionery, firearms, shells or cartridges, pianos, organs, musical instruments and plated ware adapted for household use are also taxed at ten per cent.

"A tax of 20 per cent. will be imposed upon mechanical player-pianos, graphophones and mechanical musical instruments and records used therewith. Articles of gold adapted for household or office use will be taxed similarly to 50 per cent. of the selling prices. A specific tax on playing cards is also provided for. On all cards selling at wholesale rates not over \$25 per gross packs, the tax will be 25 cents a pack, and in excess of \$25, 50 cents a pack.

More Taxes on Motors

"A large revenue was received during the year from taxation on motors, which totalled \$12,962,365, of this amount \$6,378,171 being for customs duties, and \$6,584,194 from excise. The taxation on motors would seem to be a reasonable and proper source of revenue. The field, however, has been always occupied by the provinces, and instead of taxing motors generally it has been determined to increase the excise tax, which is chargeable both on Canadian and imported cars, from 10 to 15 per cent. It is also proposed to increase the duties on beer, wines and spirits. The proposals call for an increase on beer of 30 cents a gallon; on non-sparkling wines, 30 cents a gallon; on spirits, \$2 a gallon, and on sparkling wines, \$3 a gallon.

Importers, Manufacturers and Wholesalers

"In view of the necessities of increased revenues, a tax of one per cent. on the sales of all manufacturers, wholesale dealers, jobbers and importers is proposed. The tax

will not include retailers as such, but will include the goods manufactured or imported by any retailer although manufactured or imported by such retailer for retail sale by himself. Consideration must also be given to the cost of essentials, and on this account it has been determined that the tax will not apply to sales of meats (fresh, salted or pickled), butter, cheese, oleomargarine, butterine or any other substitute for butter, lard, eggs, vegetables, fruits, grains, and seeds in their natural state, buckwheat meal or flour, pot, pearl, rolled, roasted or ground barley, cornmeal, oatmeal or rolled oats, rye flour, wheat flour, coffee (green, roasted or ground), tea, salt, cattle foods, hay and straw, nursery stock, fish (fresh, pickled, salted, smoked, dried or boneless), sugar, syrups and molasses, anthracite or bituminous coal, artificial limbs and parts thereof, or to goods exported.

"The sales tax ought not to be used as a basis of further profits, and must not, therefore, be included in the manufacturers' or wholesalers' costs on which profit is calculated. The tax when not absorbed by the vendor must then be included in his invoice as a separate item.

"The existing tax on cheques will be continued, but the rate increased on bills of exchange and promissory notes, so as to provide a 2-cent tax on all bills or notes of \$100 or less, and for every additional \$100 or fractional part thereof, 2 cents more. A tax of 2 cents for each share of stock transferred is also proposed.

"The method of collecting stamp duties on patent and proprietary medicines and perfumery will be changed by having the stamps affixed by the manufacturer or importer, instead of the retailer, at the time of sale. The stamps are not to be included in the costs of the manufacturer or importer, but if not absorbed by the seller, are to be added in the invoice as a separate item.

Tax on Movie Films

"Under existing legislation a special tax is collected on films used in moving picture theatres. The tax provided is a charge of 15 cents per film for each day upon which such film is used. It has been found that this duty has worked a hardship on small movie theatres. Many complaints have been received, and it has become apparent that the tax in the case of the small theatres sometimes represents a charge of as high as six or seven per cent. of its total receipts, already subject to municipal and provincial taxation, while in the case of large theatres the tax amounts to less than one per cent. of the receipts. Undoubtedly the present tax is unfair in its incidence, and it has been decided to remove it. Movie theatres and other forms of amusement would appear in the first instance proper subjects of taxation, but it is felt that if these theatres are to be subject to further taxation, it ought to be done by an increase in the existing forms of taxation imposed by the provincial and municipal authorities, rather than by a new federal tax.

"The income tax rate was substantially increased last year, so as to bring it up to the increased United States rates. The increase was material as the following examples indicate: On incomes of \$5,000, from \$100 to \$120, an increase of \$20; on incomes of \$10,000, from \$392 to \$590, an increase of \$198; on incomes of \$20,000, from \$1,382 to \$1,990, an increase of \$608; on incomes of \$30,000, from \$2,702 to \$3,890, an increase of \$1,188; on incomes of \$50,000, from \$5,782 to \$9,190, an increase of \$3,408; on incomes of \$100,000, from \$17,607 to \$31,190, an increase of \$13,583; on incomes of \$200,000, from \$50,957 to \$93,190, an increase of \$42,234; on incomes of \$500,000, from \$195,407 to \$303,190, an increase of \$107,783; on incomes of \$1,000,000, from \$499,157 to \$663,190, an increase of \$164,038.

"The corporation tax was in like manner increased from six to ten per cent.

Still Higher Income Tax

"These large increases will be payable this year for the first time. It is anticipated that they will yield approximately an additional \$15,000,000. That our measures of taxation must, in view of our geographical situation, have regard to United States legislation is a principle that has found general acceptance. I do not desire to question it. But revenue is urgently required, and a difference of five