

- (1) Profits made on annuities granted.
- (2) Profits made on premiums paid under non-participating policies.
- (3) On all income derived by or from investments of all premiums, or other money paid to them in the United Kingdom or abroad, and as to the latter when such income is received in the United Kingdom.
- (4) All profits (if any) derived in any mode other than the annual premium contribution of the participating policy-holders.

The question as to how far these conclusions apply to companies doing business in this Province and under the provisions of our Assessment Act has not yet been authoritatively determined. I am therefore compelled to give my own deductions, and formulate a decision without the aid of any express Canadian authority.

Our Assessment Act, s. 34, s-s. 1, declares that an incorporated company other than companies coming within s-s. 2 of the same section shall be assessed as if such company was an unincorporated company or a partnership. The only exemption to a merchant's liability to be assessed for income is that he is not liable to be assessed for the income derived from capital liable to assessment, s. 7, s-s. 15. By s. 31 income is defined to be the excess of earnings and income over and above the statutory exemption, and is declared to be personal property.

The business, then, of this company being treated as the business of the partnership, income will be the excess of gains over losses for the past year, excluding from our computation the profits or surplus gained by the participating policy-holders pursuant to the doctrine laid down in the case of *New York Life v. Styles*.

(1) Net profit derived from the year's premiums received from non-participating policy-holders.

(2) Net profits derived from annuities.

(3) Interest for the year on investments.

(4) Such proportion of the profits earned from the premiums received from participating policy-holders as under the company's act of incorporation is allowed to be appropriated, and is in fact appropriated, by the company to their own uses, as distinguished from the portion of such profits distributed amongst the policy-holders of that class.

(5) All profits (if any) derived from any other source not enumerated.

From the figures furnished by Mr. Macdonald, Actuary of the Confederation Life, I make the following :

Non-participating policy-holders' profit.....	\$ 3,549
Share of participating branch profits by company.....	3,350
Interest on investments.....	161,278

Total..... \$168,168

The company will therefore be assessable upon this amount, as being their assessable income.

The same principles apply to the case of the North American Life Assurance Company, but a proper reduction must be made from the profits of this company to make up a sum which will represent reasonable interest upon their