

"1. There shall be imposed, levied and collected the following excise taxes:

(a) a tax of fifteen cents per gallon on wines of all kinds, except sparkling wines, containing not more than forty per cent of proof spirit;

(b) a tax of one dollar and fifty cents per gallon on champagne and all other sparkling wines."

2. That Schedule II to the said Act be amended by adding thereto as paragraph 4 thereof the following:

"4. Carbonic acid gas and similar preparations to be used for aerating non-alcoholic beverages...two cents per pound."

3. That Schedule III to the said Act being the list of articles exempted from the consumption or sales tax be amended

(a) by striking out under the heading of "Foodstuffs" in the sixth line the words: "Fish and products thereof;" and replacing them by the following words: "Fish and products thereof, not to include canned fish;"

(b) by striking out under the heading of "Foodstuffs" in the tenth and eleventh lines the words: "Meats, salted or smoked (not to include the same when chopped, ground, par-boiled or spiced);"

(c) by striking out under the heading of "Miscellaneous" in the first line the word "Electricity" and replacing it by the following words: "Electricity, except when used in dwellings;"

(d) by striking out under the heading of "Miscellaneous" in the fourth and fifth lines the words: "Gas manufactured from coal, calcium carbide or oil for illuminating or heating purposes;" and replacing them by the following words: "Natural gas and gas manufactured from coal, calcium carbide or oil for illuminating or heating purposes, except when used in dwellings;"

4. That any enactment founded on this resolution shall be deemed to have come into force on the twelfth day of September, one thousand nine hundred and thirty-nine and to have applied to all goods imported or taken out of warehouse for consumption on and after that date and to have applied to goods previously imported for which no entry for consumption was made before that date.

INCOME TAX

Resolved, that it is expedient to amend the Income War Tax Act to provide—

1. That a war surtax of 20 per centum of the total income tax otherwise payable under the said Act be imposed upon all persons other than corporations.

2. That the rate of tax applicable to corporations and joint stock companies, except those filing consolidated returns, be increased from 15 to 18 per centum.

3. That the rate of tax applicable to corporations and joint stock companies which file consolidated returns under the said Act be increased from 17 to 20 per centum.

4. That voluntary donations to approved patriotic organizations and institutions in Canada during the present war be allowed as a deduction from income, up to 50 per centum of the net taxable income of the taxpayer.

5. (1) That the amendments proposed in resolutions 1 and 4 hereof be applicable to the income of 1939 and all fiscal periods ending therein and of subsequent periods.

(2) That the amendments proposed in resolutions 2 and 3 hereof be applicable to the income of 1940 and all fiscal periods ending therein after March 31, 1940, and of subsequent periods.

EXCESS PROFITS TAXATION ACT

Resolved, that it is expedient to enact an Excess Profits Taxation Act to provide—

1. That an excess profits tax be levied on the profits of all businesses, whether incorporated or not, the said tax to apply to profits in excess of 5 per centum of the amount of capital employed by the taxpayer in the business, and to be graduated at the following rates: on profits in excess of 5 per cent but not exceeding 10 per cent of the capital employed—10 per cent;

on profits exceeding 10 per cent but not exceeding 15 per cent of the capital employed—20 per cent;

on profits exceeding 15 per cent but not exceeding 20 per cent of the capital employed—30 per cent;

on profits exceeding 20 per cent but not exceeding 25 per cent of the capital employed—40 per cent;

on profits exceeding 25 per cent—60 per cent;

and that the said excess profits tax be in addition to the tax imposed upon the taxpayer under the Income War Tax Act, but that any tax payable by the taxpayer under the Income War Tax Act in respect of the profits of the same business for the corresponding period be deductible as an expense for the purposes of computing the profits to be assessed under the excess profits tax.

2. That an alternative excess profits tax be imposed upon the profits of all businesses, whether incorporated or not, taxing at the rate of 50 per centum all profits or income in excess of the average income of the taxpayer for the four years 1936, 1937, 1938 and 1939, or the four fiscal periods of the taxpayer ending in such years;

And that the said alternative excess profits tax of 50 per centum be in addition to the tax imposed upon the taxpayer in respect of the same profits under the Income War Tax Act, but that any tax payable by the taxpayer under the Income War Tax Act in respect of that portion of his profits which is in excess of the aforesaid average profits shall be deductible as an expense for the purpose of computing the net excess profits to be assessed at the aforesaid rate of 50 per centum.

3. That the tax proposed in resolution 2 hereof be an alternative to the tax proposed in resolution 1 hereof, and the taxpayer shall have the right to elect to be taxed either upon the basis of the tax proposed in resolution 1 hereof or upon the basis of the tax proposed in resolution 2 hereof.

4. That the governor in council may provide by regulation for the depreciation and amortization of new plant and equipment which may be deemed necessary to fulfil orders for war purposes.

5. That this act shall be applicable to the year 1940 and fiscal periods ending therein after March 31, 1940, and all subsequent periods.