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JAS. J. SALMOND
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A. E. JENNINGS
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W. A. MCKAGUE
Editor

Winnipeg Prepares Income Tax

Principal Features Have Already Been Decided Upon by City Council—Minimums \$1,000 and \$1,500—First Collection This Year—Opposition Develops in Provincial Legislature—Provincial Income Tax May Be Framed Which Would Supersede That of City.

THE city of Winnipeg is planning to have an income tax, and it is the intention of the city council to collect it for the year 1919, provided the necessary amendment to the city charter is secured from the provincial legislature. The draft of the measure as prepared by the city council was submitted to the legislature on February 25th. The principal features are:—

That it will not be onerous on the man with small income, council considering that it needs public co-operation and that an onerous tax would prevent co-operation.

That every person paying any income tax will have a vote in civic affairs.

That pensions of Canadian and Imperial soldiers and sailors will be exempt, in keeping with the practice in all allied countries where income tax is enforced.

Taxes paid on property, etc., will be credited on income tax statements and proper allowances made.

That it will abolish the business tax, though that tax is being maintained this year through legislative necessity.

That if a man's business tax this year is higher than his income tax would be, he will pay business tax and not income tax, and vice versa.

That on his first \$1,000 of income, a single man will pay no tax.

That a married man's first \$1,500 will be exempt, with an added exemption of \$200 for every child under 16 years of age.

That first income tax returns will be due in June of this year and 1919 incomes taxable; and in future years the returns will be due by February 28.

That appeals as to income assessment and as to proper allowances on account of other taxes or, in the case of corporations, as to allowances for depreciation and renewals, will be made to the board of valuation and revision.

That corporation rates shall be determined by a commission of three, to be named by council.

That the definition of income is only tentative and has yet to be exclusively arranged on the advice of an expert who has been engaged to come from Wisconsin.

That the machinery of the Dominion income tax will not be utilized.

Scale of Taxes

The scale proposed on individual incomes is as follows:—

Single.	Tax.	Married.
\$ 1,000	Nil	\$ 1,500
2,000	\$ 10	2,500
3,000	25	3,500
4,000	45	4,500
5,000	75	5,500
6,000	105	6,500
7,000	155	7,500
8,000	205	8,500
9,000	255	9,500
10,000	305	10,500
11,000	355	11,500

In addition to these points there were several other matters relative to the tax taken up by the council. In reply to an inquiry sent to Toronto's assessment department, a telegram was received stating that the right of a municipality to levy an income tax on war loan bonds had been upheld by the courts. The federal income tax machinery will not be used for civic purposes, as the council was informed by Sir Thomas White that it was impossible for the city of Winnipeg to be separated from the federal district in which it is incorporated under the Dominion income tax.

Allowances will be made for depreciation; dividends received by shareholders will not be taxed after the corporation has already paid its income tax; a board of revision may be appointed to remove injustices or inequalities as in the case of insurance companies where the aim is to tax them only on their local business. In regard to insurance companies a point was brought up by Mr. A. Bond, of the Great-West Life Assurance Co., which company receives money from Australia to invest in Manitoba. He was advised that the company would be taxed on the profit it obtains from handling this money, but he maintained this would ultimately fall upon the Australians with the effect that outside capital would be driven away.

Another point was a suggestion made by Mr. E. J. Tarr, that equity should be established between home-owner and home-renter, either by making the home-owner add to his statement of income a rental value on his home, or by exempting a proportion of the rent paid by the home-renter. This matter was deferred.

The first returns, according to the plan, are to be made next June; in future years they are to be made by February 28th. Judges are to be exempt, as are also churches, trades and labor councils, fraternal societies, sporting clubs and others who do not operate for a profit.

While the income tax is proving fairly popular in the city, considerable opposition has developed in the provincial house. When the bill came up for its second reading on February 28th, several members of the government declared themselves as opposed to it. Even the member who introduced the bill, Mr. W. L. Parrish, declared that he was not yet certain which way he would vote. Premier Norris declared that the government was in no way committed to the principal of the bill.

The main ground of opposition appears to be that the province may shortly inaugurate a provincial income tax. This was hinted at by Mr. G. W. Prout, member of Kildonan and St. Andrews. He outlined a scheme whereby the province could collect a tax and divide the profits among the municipalities where it is collected.

In the discussion of the Winnipeg bill in the legislature, Mr. P. A. Talbot, a member of the opposition, declared himself in favor of the civic income tax on the ground that it shifted part of the burden of taxation from real estate to a class of people in the city who had formerly escaped paying taxes.