

DIGEST OF THE BUSINESS PROFITS WAR TAX ACT

Trades and Businesses to Which This Act Applies

This Act applies to all trades and businesses (including *Sec. 5* transportation) of any description carried on, or partly carried on, in Canada, whether continuously or not, *except*:—

- (a) The business of any person the capital employed in which has been throughout the accounting period less than \$50,000, other than a business which, or 20% or more of which, is or has been the manufacturing or dealing in munitions of war or in materials or supplies of any kind for war purposes.
- (b) The business of life insurance.
- (c) The business of farming and live stock raising.
- (d) The business of any company, commission or association not less than 90% of the stock or capital of which is owned by a province or municipality.

Examples:

I.—The Tax on Profits of an Incorporated Company

(a) CAPITAL \$80,000 (being not less than \$50,000)
 Profits \$9,600, or 12% (being not more than 15%)

PROFITS	TAX
\$5,600, or up to 7% exempt.....
4,000 at 25%.....	\$1,000
\$9,600	Total Tax..... \$1,000

(b) CAPITAL \$100,000 (being not less than \$50,000)
 PROFITS \$50,000, or 50% (being in excess of 15%)

PROFITS	TAX
\$ 7,000, or up to 7% exempt.....
8,000, 25 % on profits up to 15%....	\$ 2,000
5,000, 50% on profits up to 20%....	2,500
30,000, 75% on profits in excess of 20%.....	22,500
\$50,000	Total Tax..... \$27,000