

Our London Letter.

Income Tax and Canadian Investments—Importance to Canada of New Developments —Many New Canadian Issues—"Shopping by Post" in Calgary —Insurance Topics—Special Correspondence of THE CHRONICLE.

The week just closed has been very quiet and brings to a close one of the quietest of accounts probably on record. The Whitsuntide holidays, the King's funeral and the three days concerned with the arrangement of the settlement, all came within the account which ended last evening, and practically only four days were actual working days. Business was throughout the account of very small proportions, but the prospects with which the new month opens are very bright.

Income Tax and Canadian Investments.

Canadian investment firms are already advertising here Canadian investments "free of the British income tax." There is being matured a plan by which British investors will be able to obtain legal exemption for a large part of their savings and this will doubtless mean a large influx into Canadian investments domiciled abroad. The income tax at present amounts to 1s. 2d. in the £ upon all incomes arising from investments under £5,000, while a super-tax is imposed on incomes which exceed this sum, thus raising the tax to 1s. 8d. At first sight it might be thought that the payment of this tax does not reduce capital sums very considerably. It should be borne in mind, however, that a 1s. 2d. tax on £100 equals £5 16s. 8d., and that this sum invested annually at 4½ p.c. compound interest amounts to £191 4s. 8d. in twenty years. It will thus be seen that the question of income tax is a very serious matter indeed when it is charged upon savings which are intended to provide for future emergencies, and, as all savings should be invested at compound interest.

For those who have to pay a super-tax, or whose incomes are on the £5,000 border line, the matter becomes extremely serious. Assuming an income of £5,100, the tax would be £350. On an income of £4,050 it would amount to £288 15s. only. The difference between these two payments is £61 5s. per annum. The difference in income, namely £150, would if invested each year at compound interest amount in twenty years to £4,917 9s. only. If, however, the difference in the income tax, namely, £61 5s. per annum, is added annually to this sum, the total similarly invested would represent a capital of £6,925 8s. 2d. In other words, an addition of £2,007 19s. 2d. in capital would result without any extra expenditure on the part of the investor.

At first glance, this matter of the English income tax may not appear to largely interest Canadians, but it really opens up considerable opportunities for business. Sir Edward Carson K.C., P.C., M.P., who, as Solicitor-General for the Crown, has had considerable experience of income tax law, has laid it down that there is nothing illegal in investing money in the colonies or foreign countries, and leaving the coupons to be collected and re-invested abroad. Provided that such money does not come to this country the investor cannot be taxed on his investments. Thus

if the investor who is on the border of the super-tax level, puts into Canadian investments sufficient annually to bring himself below the income tax level and leaves the coupons to be collected in Montreal and re-invested there, he will be saving a substantial sum in income tax. The law does not require payment of tax on foreign investments when the income arising therefrom does not enter the United Kingdom. I throw out the suggestion to Canadian investment houses that, if they wish, they may find considerable opportunities here for reaching the British investor.

New Directors of Hudson's Bay.

It is reported, although not confirmed, that Mr. R. Burbidge, who is the managing director of Harrod's stores, is to be asked to join the Board of Directors of the Hudson's Bay Company. It is also stated that the board is to be strengthened by the addition of a representative of Messrs. J. P. Morgan & Co., and a well-known Paris financier.

New Canadian Issues: "Shopping by Post" in Calgary.

Since my last letter there have been a few Canadian issues, although the greater number of those flotations which were prepared for issue prior to the King's death are still waiting to be machined in the various printing offices of the city. I am told that the latter are crowded with the "formes" of all kinds of new issues, including a number of rubber and oil ventures. Parris Bank is offering to-day £256,800 Calgary Power Company 5 per cent. first mortgage 30-year gold bonds to bearer, at 92 per cent., the brokers for the issue being Sperling & Co. There will also be issued next week £250,000 5 p.c. mortgage debentures of the Cairn line of steamships. This company was established in 1892 and runs a weekly service from Montreal and Portland (Maine) to London, the winter service being carried on under contract with the Grand Trunk Railway; and also a new passenger service between Italy and Canada. The bonds are issued at par. The Nova Scotia Steel & Coal Company offered on May 10th, through the London County and Westminster Bank £300,000 of 5 p.c. first mortgage 50-year gold bonds to bearer at 95 p.c., yielding 5¼ per cent. There have also been floated the Canadian Oil Producing & Refining Company with a capital of £125,000; the Newfoundland Oil (Parent) Development Syndicate with a capital of £75,000; and the Standard Oil Company of Canada with a capital of £225,000. Next week there will be issued 70,000 6 p.c. cumulative and participating preference shares of £1 each at par in Pryce-Jones (Canada) Limited. The company is an off-shoot of the business of Pryce-Jones, Welsh flannel and tweed manufacturers, and is designed to establish a similar business in Western Canada. The business may best be described as "shopping by post." The project is the outcome of a visit paid by Mr. A. W. Pryce-Jones and Mr. P. V. Pryce-Jones to Canada. In their opinion the most suitable basis for operations is Calgary and it is, therefore, proposed to start operations in that city, where Mr. A. W. Pryce-Jones will take up his residence. I am inclined to think that the offer of shares will not appeal to the British investor and as the directors have