such onerous burdens as taxes on net annual addition to reserves and on proceeds of life insurance contracts will not be imposed. But they claim that other things in the bill still discriminate harshly against the men who carry life insurance and should be remedied, if the measure is to be logical and consistent.

In the article referred to, we raised the especial point that Canadian policyholders might possibly find payments from the U.S. companies liable to the new taxation. This caused a good deal of excitement among the possessors of such policies, some of the New York and other companies dating from across the boundary being deservedly popular here. It may help to allay such feeling on the part of some if we reproduce here, a brief correspondence with a United States life company, which at our request has courteously been placed at our disposal.

Montreal, P.Q.

Messrs. White & Fenwick,
State Agents, The John Hancock Mutual Life Ins. Co.,
Newark, N.J.

Gentlemen:—I would be obliged if you will let me know what there is in the last paragraph of this article—does it mean that, under the proposed income tax, the U.S. Government would take a bite on what would be coming to my widow from my policy in your Company, and if so, how big a bite?

Yours faithfully,
H. E. RAWLINGS,
Managing Director.

Newark, N.J.

Mr. Henry E. Rawlings, Managing Director,
Guarantee Company of N.A.,
Montreal, Canada.

Dear Mr. Rawlings:—Before replying to your favour of the 1st inst. we submitted your letter together with the clipping from the Canadian Journal of Commerce to our Home Office, requesting them to send us an answer, and we are herewith enclosing an exact copy of letter received from 3rd Vice-President, Walton L. Crocker.

You can see from this that practically all possibility of any taxation being imposed on life insurance policies will be eliminated.

We are under the impression that you are a citizen of Canada, never having taken out naturalization papers in this country, and if this is so you would be exempt from any taxation, even though American policyholders were finally taxed.

You will notice in the Vice-President's letter he states that, "if our information is correct, the proceeds of life insurance policies would not be taxed; that is to say, the principal would not be taxed, although under certain circumstances the income therefrom might still remain subject to the tax."

We understand from this that where the face of the policy, as in your case, is payable in one sum to the beneficiary at the death of the insured, the policy would not be taxed. If, however, the policy was made payable in instalments it is uncertain to the Company whether this income would be taxed or not. However, this does not concern you as your policy is made payable in one sum, and in addition to this, as you are a citizen of Canada, you "need feel no apprehension."

If we learn anything to the contrary, will immediately acquaint you with the facts.

Trusting we have answered your communication to your satisfaction, and with best wishes to you and your family, we remain

Sincerely yours,
WHITE & FENWICK,
State Agents.

Boston, Mass.

Messrs. White & Fenwick, State Agents,
Newark, N.J.

Gentlemen:—Mr. Rawlings' inquiry whether under the proposed Income Tax the United States Government would "take a bite off" what would be coming to his widow from his policy in this Company, is evidently connected in his mind with the last paragraph of the clipping from the Canadian Journal of Commerce of April 25th, which you forwarded to us, and in which paragraph the question as to whether the law holds upon aliens or foreigners insured in United States Companies is raised.

As Section 2 of the Bill was originally drawn, it seems clear to us that all citizens of the United States so insured, and persons residing in the United States, whether citizens or not, would be in danger of being taxed upon the proceeds of life insurance policies. For authority for this statement you should refer to the first quotation relating to sub-section B of Section 2 of the Bill, which quotation appears in our circular letter of April 23rd. The two following quotations in that same circular will describe the operation of "taxing at the source," which simply means that Companies will be required to withhold and report to the Government all taxes collectible under the Bill, so far as the interests of the clients of the said companies appear to be affected thereby.

However, this may be said to Mr. Rawlings, that we are now advised that, owing to the objections which Life Insurance Managers have raised, and the effective protests made by or through agents and policyholders, the language has been clarified as also intimated in our circular letter, so that if our information is correct, the proceeds of life insurance policies would not be taxed; that is to say, the principal would not be taxed, although under certain circumstances the income therefrom might still remain subject to the tax. And this may be added, that we do not see now that the law attempts to tax aliens, or that it could if it did. We believe Mr. Rawlings, if a citizen of Canada, need feel no apprehension.

This whole subject is in too much of a haze as yet for us to be able to give a clear-cut idea in regard to it, and the foregoing is the best that we can do for you at this time. We should think that from it a suitable reply could be constructed to meet the requirements of this case.

Yours very truly,
(Signed) WALTON L. CROCKER,
3rd Vice-President.

If the matter is left somewhat indefinitely by Mr. Crocker, it will be remembered that the Income Tax Bill has not yet become law, and there is no knowing what amendments the U.S. Senate may adopt. Remembering that the tax is collectable at the head offices of the companies, whose officers are expected to make the deductions evidently on all the business they underwrite, we still think that aliens must be expressly exempted by a clause to that effect, if they are to escape the exactions of the income tax. But we have little doubt since we have drawn attention to the matter that successful effort will be made by the insurance companies to prevent anything even remotely resembling unfairness to Canadian policyholders.

—The wheat crop of the United Provinces is officially placed at 110,450,000 bushels, against 114,000,000 bushels last year. The wheat crop of the Central Provinces is placed at 40,100,000 bushels, against 32,500,000 bushels last year.

—A branch of the Bank of Montreal has been opened at Welland, Ont.