

the profits exceed twenty per centum per annum the tax shall be increased to seventy-five per centum with respect to all profits in excess of the said twenty per centum, and such increases in the tax shall be levied against and paid by the person owning such business for each and every accounting period ending after the thirty-first day of December, one thousand nine hundred and sixteen;

2. That for the purposes of the said Act, the actual unimpaired reserve, rest or accumulated profits held at the commencement of an accounting period by an incorporated company shall be included as part of its capital as long as it is held and used by the company as capital;

3. That any enactment founded on this resolution shall be deemed to have come into force on and from the eighteenth day of May, one thousand nine hundred and sixteen;

3. That the tax shall be paid each year within one month from the date of the mailing of the notice of assessment;

4. That with respect to every business liable to taxation hereunder the period for which the returns shall be made and during which it shall be liable for assessment shall be at least thirty-six months, commencing with the beginning of the first accounting period ending after the thirty-first day of December, 1914, or for such less period as the business may have been carried on from the beginning of the said accounting period to the end of the period for which the said tax may be levied under the said Act.

War Taxes Too Late.

To say the least these war taxes are imposed two

years too late. After the large war profits have been made and manufacturers generally have reached a somewhat sound basis of manufacturing with large profits practically eliminated, Sir Thomas imposes additional taxes on the Business Profits of our manufacturers. Just what these additional war taxes mean can best be described by quoting from a speech delivered in the House of Commons by Sir Herbert Ames, Conservative member for St. Antoine Division, Montreal,

Supposing you have a business with a capital of \$100,000, and supposing that business, under war conditions, makes a profit of 25 per cent or \$25,000. How much will that business pay under the old arrangement and how much under the new? Under the old arrangement, the first \$7,000 was exempt, the taxation being only on \$18,000. Twenty-five per cent on \$18,000 is \$4,500, so that the net profit on the business that was making \$25,000 would be \$20,500 or 20½ per cent, and the Government would receive 4½ per cent of the entire 20½ per cent profit. Under the new arrangement, the first \$7,000 is exempt as before, leaving \$18,000 to be taxed. The first \$8,000 will be taxed 25 per cent; the next \$5,000 will be taxed 50 per cent and the next \$5,000 will be taxed 75 per cent. That will work out at \$7,750, so that out of the \$25,000 earned, that firm under the new taxation will have to pay \$7,750 or 7¾ per cent to the Government, and will retain \$17,250 or 17¼ per cent. In other words, when the firm reaches the stage of where it is making profits of 25 per cent and upwards, it will give to the Government double the amount it did under the taxation prior to this measure.

BUSINESS WAR TAXES.

What the "Financial Times" of Montreal is Saying.

Canada expects this day that Sir Thomas White will do his duty and withdraw injurious tax plan.

Canada's new profit taxation scheme is tantamount to putting brake on Canada's development.

Sir Thomas White puts hands on throat of Canada's production capacity by iniquitous taxation.

United States steer clear of taxation that will in any way cripple the country's enterprise.

Government actually placing a lien on the profits derived from progress and enterprise.

Amounts to class legislation when all forms of industry and trade are benefit-

ing directly and indirectly from successful operation of our great Industrial companies.

Simply a tax on experience and administrative capacity.

Wages will decrease and labour lose great opportunity.

Income tax in some form should be adopted.

The above coming from the "Financial Times" a paper which has for some time strongly supported Sir Thos. White and the Government is significant.

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