

THE
INCOME WAR TAX ACT, 1917.

WITH EXPLANATIONS BY THE MINISTER OF FINANCE
(As reported in Hansard)

AND INSTRUCTIONS OF THE FINANCE DEPARTMENT

7-8 GEORGE V.

CHAP. 28.

An Act to authorize the levying of a War Tax upon
certain incomes.

[Assented to 20th September, 1917.]

HIS Majesty, by and with the advice and consent of
the Senate and House of Commons of Canada,
enacts as follows:—

1. This Act may be cited as *The Income War Tax Act, 1917.* Short title.

2. In this Act, and in any regulations made under this Act, unless the context otherwise requires,— Definitions.

(a) “Board” means a Board of Referees appointed under section twelve hereof; “Board.”

(b) “Minister” means the Minister of Finance; “Minister.”

(c) “normal tax” means the tax authorized by paragraph (a) of section four of this Act; “Normal tax.”

(d) “person” means any individual or person and any syndicate, trust, association or other body and any body corporate, and the heirs, executors, administrators, curators and assigns or other legal representatives of such person, according to the “Person.”

RE SECTION 3—Continued.

if it was carrying on its affairs in the usual course, but by reason of a contract which it might have with the United States company to sell its products at a very low rate, it might show no profits at all. I may say this section is the same as the one in the Business Profits War Tax Act, inserted for the purpose of making such companies contribute reasonably under that measure of taxation.

ON SUBSECTION 3, OF SECTION 3—NON-RESIDENTS:

SIR HERBERT AMES: May I ask the Minister what will happen in a case like this. I know a gentleman in Montreal who is manager of a large business concern. He is an American citizen, and still holds, technically speaking, his residence in the United States. He is taxed on his income in the United States, but he draws his income as a salary in Canada. Will he be taxed a second time in Canada, and therefore have to pay two income taxes? Non-residents.

SIR THOMAS WHITE: I should say the Government which should give away would be the Government of the United States. This gentleman is domiciled in Canada and is drawing his salary in Canada. There is no reason why he should not pay the income tax. If he is subject to an income in the United States, that is a matter he should take up with the United States Government. I cannot see how we could distinguish his case from the case of any one else drawing a salary in Canada.

MR. LOGGIE: Does this subsection include a corporation?

SIR THOMAS WHITE: Yes.

MR. LOGGIE: Does a corporation doing business in Canada, whose head office is in the United States, have to make up a statement of the revenue from its Canadian business? United States Co. doing business in Canada.

SIR THOMAS WHITE: Yes.

4. (1) There shall be assessed, levied and paid, upon the income during the preceding year of every person residing or ordinarily resident in Canada or carrying on any business in Canada, the following taxes:— Income tax.

(a) four per centum upon all income exceeding fifteen hundred dollars in the case of unmarried persons and widows or widowers without dependent children, and exceeding three thousand dollars in the case of all other persons; Over \$1,500 in certain cases and over \$3,000, 4 per cent.

and in addition thereto,

(b) two per centum upon the amount by which the income exceeds six thousand dollars and does not exceed ten thousand dollars; and, Over \$6,000 to \$10,000, two per cent.

SECTION 4—Continued.

Over \$10,000 to \$20,000, five per cent. (c) five per centum upon the amount by which the income exceeds ten thousand dollars and does not exceed twenty thousand dollars; and,

Over \$20,000 to \$30,000, eight per cent. (d) eight per centum of the amount by which the income exceeds twenty thousand dollars and does not exceed thirty thousand dollars; and,

Over \$30,000 to \$50,000, ten per cent. (e) ten per centum of the amount by which the income exceeds thirty thousand dollars and does not exceed fifty thousand dollars; and,

Over \$50,000 to \$100,000, fifteen per cent. (f) fifteen per centum of the amount by which the income exceeds fifty thousand dollars and does not exceed one hundred thousand dollars; and,

Over \$100,000 twenty-five per cent. (g) twenty-five per centum of the amount by which the income exceeds one hundred thousand dollars.

Corporations pay 4 per cent. Fiscal year of corporations. (2) Corporations and joint stock companies, no matter how created or organized, shall pay the normal tax upon income exceeding three thousand dollars, but shall not be liable to pay the supertax; and the Minister may permit any corporation subject to the normal tax, the fiscal year of which is not the calendar year, to make a return and to have the tax payable by it computed upon the basis of its income for the twelve months ending with its last fiscal year preceding the date of assessment.

Partnerships not liable to tax. (3) Any persons carrying on business in partnership shall be liable for the income tax only in their individual capacity.

Transfer of property to evade taxation. (4) A person who, after the first day of August, 1917, has reduced his income by the transfer or assignment of any real or personal, movable or immovable property, to such person's wife or husband, as the case may be, or to any member of the family of such person, shall, nevertheless, be liable to be taxed as if such transfer or assignment had not been made, unless the Minister is satisfied that such transfer or assignment was not made for the purpose of evading the taxes imposed under this Act or any part thereof.