

**Subsection 2.—National Income.**

The national income of Canada is necessarily less than its national production, a total for which is suggested in the general survey of production on pages 203-211 of this volume. If, as there pointed out, there is no reason to suppose that those whose activities are not connected with the production of "form-utilities" are less "productive" in the broad sense of the term than others, the total value of the production of 1926 must have been not less than \$5,558,000,000.

In order to arrive at the figure of national income, however, certain heavy deductions from the above amount must be made—deductions especially connected with the maintenance of the industrial equipment of the country—providing not only for depreciation but for obsolescence and replacement by new and improved apparatus of production. Altogether, the charges under this head may have been not less than \$300,000,000 to \$400,000,000. This would leave the 1926 income of the Canadian people at somewhere in the neighbourhood of \$5,100,000,000.

**Incomes assessed for Income War Tax in Canada.**—In those countries of the world where an income tax has been established for a considerable period of time, the figures of the assessed income have been generally accepted as furnishing a guide both to the amount and to the distribution of the total national income by classes. Estimates of the national income, based upon income tax statistics, have been published, for example, in Great Britain and in the United States.

In Canada, the income tax is a newer thing than in either of the above-mentioned countries; also, in a newer country than either, incomes are to a greater extent received in kind. Both of these considerations render it improbable that so large a percentage of the total national income of Canada is brought under the notice of the income tax authorities as in Great Britain or the United States. Nevertheless, the data collected by the Income Tax Branch of the Department of National Revenue, in the course of its administration of the income war tax, are significant both with regard to the total income assessed and with regard to the distribution of that income among various classes of the population, as well as by size of income groups.

In Canada, in the fiscal year ended Mar. 31, 1921, 3,696 corporations and 190,561 individuals paid income tax on incomes aggregating \$912,410,429; in the following year 8,286 corporations and 290,584 individuals paid income tax on \$1,462,529,170; in the fiscal year ended 1923, 6,010 corporations and 281,182 individuals paid income tax on \$1,092,407,925; in the fiscal year ended 1924, 5,569 corporations and 239,036 individuals paid income tax on incomes aggregating \$1,108,027,871; in the fiscal year ended 1925, 6,236 corporations and 225,514 individuals paid income tax on incomes aggregating \$999,160,248; in the fiscal year ended 1926, 5,738 corporations and 209,539 individuals paid income tax on incomes aggregating \$1,003,110,646. In the fiscal year ended 1927, after the exemption limit had been raised from \$2,000 to \$3,000 for married and from \$1,000 to \$1,500 for single persons, 116,029 individuals and 5,777 corporations paid income tax on incomes aggregating \$744,184,891, while in the fiscal year ended 1928, 122,026 individuals and 6,121 corporations paid income tax on incomes aggregating \$1,140,232,948. See Tables 33 to 35 for further details.