

duties as a result of the entry of Newfoundland into confederation are set out in Annex IV of "Proposed Arrangements for the Entry of Newfoundland into Confederation".

They are as follows:

Liquor taxes	\$ 400,000
Tobacco taxes	500,000
General sales tax	4,000,000
Miscellaneous excise taxes & sources of revenue	1,500,000

Question 6:

What was the total amount of revenue collected by the Department of Posts and Telegraphs for the fiscal year 1946-47 and, in the event of union with Canada, what would be the amount of revenue collected by the Canadian federal government under their present system of posts and telegraph charges?

Answer (to second part):

The estimate of the addition to federal postal revenue arising out of the inclusion of Newfoundland within Canada is \$750,000. (See Annex IV., "Proposed Arrangements for the Entry of Newfoundland into Confederation").

No estimate of either revenues or expenditures in connection with the telegraph service are included in the tables setting out estimated additions to revenues and expenditures of the federal government. Since they appear to have roughly balanced over the past years it was not considered necessary to include them.

Question:

What rates of taxation would be imposed upon amounts received by beneficiaries under life insurance policies in the event of union between Canada and Newfoundland?

Answer:

The present law in Canada relating to income tax and succession duties provides as follows:

1. When proceeds of a life insurance policy are received by the insured in a lump sum, whether through taking the cash surrender value, or by reason of maturity of an endowment type of policy, the proceeds are not subject to income tax.

2. When proceeds of a life insurance policy are taken by the insured in the form of an

annuity, pension, or settlement option, the periodic payments shall be liable for income tax in the same way as payments under any other annuity contract, that is, only that portion of the payments which represents interest is subject to tax, the portion which represents return of capital not being taxable. (See Sec. 3(1) (g) Income War Tax Act, copies of which have been supplied to the National Convention....)

3. When proceeds of a life insurance policy go to a beneficiary upon death of the insured the proceeds of the policy are included in the total estate of the deceased and are subject to succession duties as part of the estate.

If the proceeds of the life insurance policy are payable in the form of an annuity to the beneficiary the present value of the annuity at time of death is included in the estate of the deceased for succession duty purposes. The annuity payments will be subject to income tax in the hands of the beneficiary in the same way as payment under any other annuity contract.

Question: What is the population of Canada as at the taking of the last census?

Answer: The population of Canada as of the taking of the census of 1941 was 11,506,655. The population of Canada in 1947, as estimated by the Dominion Bureau of Statistics on the basis of figures relating to natural increase, immigration, emigration, etc., was 12,582,000.

Question: Has the Dominion of Canada recently applied to the United States for a temporary loan? What was the amount applied for, the amount received and under what terms was the said loan given?

Answer: On November 17, 1947, the Minister of Finance announced that arrangements had been made with the Export-Import Bank of the United States for a credit of \$300 million (US dollars). Negotiations concerning this credit are still in process.

Question: The annual revenues and expenses of the Canadian National Railways and its subsidiaries from the year 1931-32 to the year 1946-47, both years inclusive, showing the surplus or deficit each year as the case may be.

The total advances made each year from