

Excess Profits Tax

To provide a new stimulus to industry, thus benefitting all sections of the community, excess profits tax is to be abolished. This tax was imposed solely for war purposes, and its retention can no longer be justified. The object of the tax was, of course, to obtain for the State the greater proportion of the profits arising from wartime activities. The continuation of such a tax would be a definite deterrent to industry, and, as I have already explained, the Government are particularly anxious to assist industry towards rehabilitation and expansion. The discontinuance of the excess profits tax will result in a loss of taxation of approximately £500,000 per annum.

Income-tax

Income-tax bears directly on the incomes of the people, and it is accordingly proposed, in respect of tax payable this financial year, to reduce the war surcharge from $33\frac{1}{3}$ per cent. to 15 per cent. This concession will absorb an estimated amount of £4,750,000.

Attached to this statement are schedules showing the effect of this reduction, together with the reduction from 2s. 6d. to 2s. in the £1 in the combined social security and national security tax, in so far as a typical married taxpayer and company profits are concerned.

Tables 11 and 12 show in greater detail with regard to a wide range of incomes the tax to be paid and the residue remaining after payment of tax.

A married man with a dependent wife obtains a further reduction in income-tax through the increased amount of exemption for a wife—viz., from £50 to £100. This amendment has already been effected in the Land and Income Tax Amendment Act, 1945. His position is as follows:—

| Fixed Gross Income. | Total Tax Payment during Last Year. | Total Tax Payment during Current Year. | Increased Residue. |
|------------------------|---|--|-----------------------|
| £ | £ | £ | £ |
| 400 | 76 | 54 | 22 |
| 500 | 107 | 80 | 27 |
| 600 | 140 | 107 | 33 |
| 800 | 212 | 166 | 46 |

The married man with a wholly dependent wife and children for whom the universal family benefit is paid obtains the advantage of the social security benefit of 10s. per week for each child—paid