

PostScript

This paper is primarily concerned with the lack of any effective savings policy that will incite Canadians to invest in RRSPs and ensure a comfortable retirement; and the need to provide Canadian corporations with a tax treatment of dividends that will encourage the purchase of corporate shares instead of debt.

The unexpected arrival of a global pandemic with economic implications has made urgent the need to find solutions to a host of new problems. These could be larger than we would expect and take longer to resolve than we would assume and may make lasting changes to the economic scenario. Governments could find themselves increasingly involved in the economic affairs of the private sector. A more effective communication between the public and the private sectors will become necessary.

On top of excessive debt, both personal and corporate, accumulated due to low rates of interest and little inflation over the past decade, we are now witnessing a flood of currency being dispensed by government and central

banks on their economies to ameliorate the lost earnings due to widespread lock-downs.

The incorporated company, in a form we would recognize today, surfaced in the United Kingdom with the Companies Act of 1862. The earliest provision for corporate taxes, that I am aware of, is in the U.K. Finance Act of 1920. By the beginning of the war in the late 1930s, the double taxation of dividends was adopted and has remained unchanged. In 1971, the tax reform legislation introduced capital gains tax, free for pension funds and savings plans until benefits are withdrawn and taxed at normal rates.

Up to the present day, far too little thought has been given to the evolution of the Canadian tax structure. It is widely acknowledged that the gap in the standard of living between rich and poor is too large, the Income Tax Act is far too complex, and that health and retirement benefits are uncertain. Yet this is in contrast to remarkable advances in science, technology, medicine and wealth on a global scale.

There is a possibility that sense will prevail and that the tax treatment of dividends will be amended so that corporate profits will not be taxed twice; that simplicity will triumph over complexity; and that, among many changes that will be made, dividends will finally receive the same direct tax treatment as interest on corporate debt.