I might explain that in arriving at these results the expenditure estimates have been carefully overhauled, while, on the other hand, every endeavour has been made to arrive at as accurate an estimate of the revenue as possible. The position therefore is that we are faced with the problem of increasing the revenue from taxation by £2,500,000. The problem is not an easy one, and the Government have given very careful consideration to various alternatives in order that the additional burden might be so placed as to bear as lightly as possible upon the people.

Revenue. **Petrol-tax.** To meet the position it is proposed to obtain a further £1,000,000 from income-tax, £200,000 from additional death duties, £300,000 by increasing beer duty from 1s. 3d. to 1s. 9d. a gallon, and £1,000,000 through raising the petrol-tax by fourpence a gallon.

Income-tax. For individuals the present rate of income-tax is 1s. 8d. in the pound, increased by 1/100th of a penny for every pound of taxable income up to £5,500, and thereafter by 1/150th of a penny up to a maximum of 8s. 2d. in the pound for earned income. On unearned income these rates are increased by one-third. To obtain the additional revenue it is proposed to increase the basic rate by fourpence, making it 2s. in the pound, and to continue the graduation beyond £5,500 at 1/100th of a penny, instead of 1/150th of a penny as at present, up to a maximum of 8s. 7d. in the pound reached at £7,900. At the same time the amount of the general exemption will be reduced from £210 to £200. This will have the effect of bringing within the scope of the tax a few more single men without dependants, and of increasing the taxable balance of all other taxpayers by £10.

I realize that taxpayers are interested not so much in the technical changes made as in the net effect on their personal assessments. To illustrate the alterations I will quote the following examples based on a typical case of the earned income of a man with a wife and two dependent children:—

Total Income.	At Present.	Amount of Tax under new Proposals.	Increase in Tax.
£	£ s. d.	£ s. d.	£ s. d.
300	Nil	Nil	Nil
365	0 8 4	1 10 2	1 1 10
400	3 8 0	5 2 1	1 14 1
600	22 8 0	27 12 1	5 4 1
1,000	70 8 0	82 12 1	12 4 1
5,000	1,283 14 7	1,365 18 9	82 4 2
8,000	2,841 13 0	3,203 8 9	361 15 9

The additional tax payable by a man with an income of £365 is only about one pound a year, while the increase on an £8,000 income is equal to approximately one pound a day.

In regard to companies, the basic rate is to be raised from 1s. to 2s. in the pound to bring it to the same level as proposed for individuals. The rate of graduation, however, is to be reduced, from the present rate of 1/100th of a penny in the pound up to £5,500 and 1/150th of a penny thereafter up to a maximum of 7s. 6d. in the pound, to a rate of 1/125th of a penny in the pound up to a maximum of 7s. 11d. reached at £8,875.

I may add that, later this session, an amendment to the Land and Income Tax Act will be introduced to correct a number of anomalies. This Bill will include a repeal of the provision exempting from income-tax the income of farmers from land in cases where the holdings do not exceed an unimproved value of £3,000. These amendments, however, will apply not to tax payable in February next, but to the tax payable in the following year.