

In 1926 and 1927 the government took up loans in Denmark to the amount of 6½ million krónur, a sum which was devoted to the purchase of bank-bonds to increase the means at the disposal of the Hypothec-Mortgage Department of the Landsbanki. But as the interest on and amortisation of these loans are provided for by the interest on and amortisation of the bonds, these loans, though the State is answerable for them, are not included in the National debt accounts.

In 1928 the National indebtedness again increased by 2.3 million krónur owing to the treasury's obligation to furnish the Landsbanki with a capital of 3 million krónur. On December 31st 1928 the National debt amounted to 13.6 millions, or to about 130 krónur per head of the population.

II. URBAN AND RURAL DISTRICTS

INCOME AND EXPENDITURE

For the division of the country for local administrative purposes, see article on administration, pag. 35. The municipal funds in the urban districts correspond in rural districts to parish and district funds.

In 1926 the current receipts were as follows:

	Municipal Funds 1000 krónur	Parish Funds 1000 krónur	Total 1000 krónur
Town and Parish Rates (a kind of income tax)	2 531	1 640	4 171
Other rates	449	60	509
Revenue from municipal undertakings and property	349	35	384
Other receipts	74	54	128
Total current income	3 403	1 789	5 192

From the above summary it will be seen, that the total current receipts of the urban and rural districts amounted to 5.2 million krónur, of which 4.2 millions, or 80 per cent., are derived from the town and parish rates, a direct tax levied on the rate-payers according to their financial position generally. The annual amount of the parish rates together with the income from other sources must be sufficiently large to cover the estimated expenditure of the parish. In 1885 the total amount of town and parish rates in Iceland was but 185 thousand krónur; in 1895 they had increased to 209 thousand; in 1905, to 319 thousand; in 1915, to 694 thousand; in 1920, to 3 292 thousand; while in 1926 they had risen to 4 171 thousand krónur. In the urban districts there are, besides the town rates, also other rates of the