

by the Dominion government. He asks for blanket legislation to permit repayment, with interest, of all taxes paid in excess of amounts due. There is already such a provision in the law of the United States, and it will surprise many Canadians to learn that Mr. Dixon's request has to be made. It seems to go without saying that when the government has held money properly belonging to private persons it should, on making restitution, pay for the use of the funds at a reasonable rate. No government hopes to borrow without offering interest or would attempt to do so, no matter what the emergency. A government which obtained funds by a forced loan and paid no interest would rightly be accused of confiscation, and whatever may be said for confiscatory tactics in certain circumstances, the present government of Canada is not known to have adopted any such policy.

A law requiring that interest be paid on refunded taxes would be just to those citizens who have paid more than they owe and it would have the additional advantage of hastening settlement. The government will lose no time in returning excess payments if they are made interest-bearing.

THE BRANTFORD EXPOSITOR

April 23, 1929

SHOULD PAY INTEREST

An appeal is being made to the Federal Government and to Parliament for the payment of interest on moneys which it owes to individuals or corporations, as a result of overcharges in the collection of various forms of taxation. The fact is that tens of thousands of dollars remain in the possession of the federal treasury on which no interest whatever has been paid. The appeal has been framed to include the various sums of money refunded by the Government from April 8, 1915, when the Special War Revenue Act became operative, in respect to customs duties, drawbacks, income taxes, sales taxes, excise taxes, cash deposits, fines and penalties. The demand is made that the Federal Government shall pay simple interest at the rate of six per cent. on all sums of money collected from the public in excess of the amounts which the treasury is entitled to retain.

This is a sound business proposition, and ought to be given prompt attention by the Government. Under the present law, if any taxpayer fails to pay the exact amount due, a bill is rendered with interest, no matter how small the sum may be. In certain cases interest amounting to one cent has been charged. This rule ought to hold good when the taxpayer for any reason through some error in interpreting the law or in computation, pays more than his due. In this case, however, the Government takes its own time to refund the amount without one cent of interest. This practice has continued in spite of the fact that Parliament has acknowledged the principle of repayment with interest. This is due to the failure of the Government and Parliament to apply the principle generally. The practice is an unjust one, because often in the payment of income taxes, where the taxpayer makes his own assessment, the schedules are so complicated that it is very easy to make an insufficient payment. Moreover, the victims of this unjust principle are those who pay their incomes, not those who evade them.

The principle of paying interest on all moneys refunded has been practised in the United States for years, on the ground that just treatment of the taxpayer is good policy. Since the income tax was first levied in the United States refunds, credits and abatements have been repaid, estimated at the huge sum of \$2,614,896,000, including interest at 6 per cent. Of course the amount overpaid in Canada is small compared with this figure. The Government has no more right to keep payments of this character without paying interest to the taxpayer, than it has to expropriate funds that he may have in the bank, and use them for a month, or two months, or six months, as the case may be, without paying interest. It is to be hoped that the present appeal, which is representative of all Canada, will be heeded by the Government and justice done in this matter.

THE DAILY TIMES, MONCTON, N.B.

April 23, 1929

ASKING INTEREST ON REFUNDS OF TAXES

Toronto Mail and Empire: From the long discussions that have taken place from time to time since 1920 of claims of Canadian dealers in automobiles to refunds of payments of excise taxes made to the dominion government a new question has sprung. The dominion government, it may be recalled, provided in December, 1920, for remission of luxury taxes on automobiles. Again, in 1926, the government readjusted the rate of customs and excise taxes on motor vehicles and abolished the excise tax of 5 per cent. on Canadian-made vehicles valued at \$1,200 or less. Canadian automobile dealers asked for refunds of luxury taxes paid in advance on machines remaining in their hands and unsold on December 20, 1920. Later they sought refunds of excise taxation paid in advance on Canadian-made cars valued at \$1,200 or less that were in their possession on June 8, 1926. The King government and the dominion parliament dealt with both requests in 1926. Parliament voted \$1,690,000, comprising principle to the amount of \$1,250,000 and interest

to the amount of \$440,000 to settle claims based upon the repeal of the luxury tax in 1920. It also provided by amendment to the budget resolutions for the payment of rebates of excise taxes on Canadian-made cars valued at \$1,200 or less remaining unsold in the dealers' possession on June 8, 1926.

The action of the government and of parliament in authorizing refunds of luxury and excise taxes was regarded by the public as a measure of justice to the automobile dealers. That action recognized that the dealers had paid in advance to the government money which they were supposed to collect from purchasers of cars, but which, by reason of the repeal of the luxury and excise taxes, they were prevented from recovering from buyers of motor vehicles. Discussion of the action of the government since 1926 has hinged upon the fact that the government did not deal in the same way with both sets of claims. It allowed and paid interest on claims arising from the repeal of the luxury tax in December, 1920. It did not arrange for the payment of interest on claims resulting from the abolition of excise taxes in 1926. This discrimination has led to the putting forward of a contention that legislation should be enacted to provide for the payment of interest at the rate of 6 per cent. per annum on all refunds by the dominion government of customs and excise duties, drawbacks, income taxes and penalties. It is pointed out that the United States government pays interest on such refunds. It is also noted that the Canadian government exacts payment of interest on all arrears of taxation. In other words, the government applies a different policy in dealing with its debtors from that which it applies in its relations with its creditors. Aside from that fact, it should be remembered that the government has the use of the money that it collects in excess taxation. The taxpayers whose money the government detains are deprived of the use of that money in their businesses pending the payment of refunds.

THE BORDER CITIES STAR, WINDSOR, ONT.

April 24, 1929

A JUST CLAIM

There are many anomalous features about the federal government's attitude toward taxpayers but none more glaring than that exhibited in its treatment of automobile dealers under the excise tax refund ruling of 1926. Business men of this class had already paid the so-called luxury tax to the government on cars in stock when the impost was abolished. In this way they lost heavily and there was an order put through to return the money to which the dominion treasury was not entitled. Tardy restitution was made but no interest was paid on the sums that had been at the government's disposal for so long. Automobile dealers organized in an attempt to rectify this injustice and they have been carrying on a campaign for recognition of their claim ever since.

Any Canadian taxpayer who falls behind in payment of his income tax knows with what inexorable determination the authorities at Ottawa exact their pound of flesh in the form of interest. There is no argument about the matter and the longer a defaulter delays the more it costs him. If this is correct procedure on the part of the income tax branch why is it not equally just for the government to pay interest on over-paid revenue returnable to individuals? There is no logical argument against the dealers' contentions. The administration at Ottawa hasn't a leg to stand on. It owes interest on the considerable amount of money over-paid prior to its refund order and it is only stalling off its claimants in the hope they will tire of the agitation to secure what is coming to them.

It is pointed out by Mr. J. R. Dixon, who has made a study of the principle raised by this situation, that in the United States there is statutory provision for payment of interest on funds in possession of the national treasury. In this connection the following resolution, passed last June by the Canadian Chamber of Commerce, is illuminating:

"Resolved that the federal government be urged to adopt the principle of the payment of interest on all moneys held by it and refundable to citizens, a course required by equity, as the government enjoys the use of such moneys pending repayment and, moreover, itself exacts interest on overdue payments on account of taxes, etc. In addition to believing in the justice of this principle the Chamber is of the opinion that its adoption would make for more prompt adjustment of the rights of business men and others by officials of the government."

It is a safe assumption that if the federal treasury had to pay interest on sums wrongfully collected, as in the case of the automobile dealers, there would be more promptitude in adjusting claims. Delay of the government in returning overpaid taxes was bad enough without adding insult to injury by refusing to pay interest to the motor dealers affected. If a private concern attempted high-handed tactics of this kind it would be brought to book in law courts of the land. And just because it is the federal government that is at fault is no reason why it should escape without paying its just debts. This matter is pressing and should be dealt with at the present session of Parliament.