

## RELIEF CAMPS

## AGREEMENT BETWEEN GOVERNMENT AND RAILWAY COMPANIES RESPECTING MAINTENANCE WORK

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): I understand that men from the relief camps have begun work on railway maintenance. I should like to know whether the agreement between the railway companies and the government has yet been placed on the table, or is ready to be placed on the table of the house?

Hon. C. D. HOWE (Minister of Railways and Canals): The agreement has not been completed. As soon as it is completed and returned it will be placed on the table.

Mr. PELLETIER: On the same subject, may I ask whether the government has entered into any agreement with the Northern Alberta Railways with the same purpose in view?

Mr. HOWE: No special arrangement has been made with the railway in question, but as it is jointly owned by the Canadian Pacific and the Canadian National, there will be no difficulty about extending the arrangement to that territory if the railways wish to do so.

## WAYS AND MEANS

## SPECIAL WAR REVENUE ACT AMENDMENT

The house in committee of ways and means, Mr. Sanderson in the chair.

3. That the rate of consumption or sales tax imposed by section one of section eighty-six of the said act, as enacted by section eleven of chapter fifty-four of the statutes of 1932, be increased from six per cent to eight per cent.

Mr. DUNNING: I have a proviso dealing with a matter which has been the cause of difficulty in the past. Paragraph 3 is to be amended by adding the following words:

Provided that if any manufacturer or producer has prior to the first day of May, one thousand nine hundred and thirty-six made a bona fide contract for the sale of goods to be delivered after the eight per cent rate comes into force, and if such contract does not permit the adding of the whole of the eight per cent tax to the amount to be paid under such contract, then so much of the tax as may not under such contract be added to the contract price shall be payable by the purchaser to the vendor and by the vendor to His Majesty, but in case the vendor refuses or neglects to collect such tax from the purchaser the vendor shall be liable to His Majesty for the payment of such tax.

I think I am correct in saying that in amending the sales tax in 1931 a similar problem arose which was dealt with in a

similar manner. It is in order to provide for bona fide contracts entered into prior to the first of May, the delivery of which was not to be consummated until after the first of May.

Mr. STEVENS: I tried to follow the reading of this technical amendment, but I am not quite clear on it yet. Will it cover a case of this kind: Assume that some large distributing body, anticipating an increase in the sales tax, placed large orders in the month of April with instructions that the invoices should be made out and sent to the purchaser as part of the April sales; the purchaser paid for the goods on April account, but the goods were not delivered until some subsequent date, perhaps in August or September. Would this amendment protect the revenue against such an evasion?

Mr. DUNNING: Yes. The commissioner advises me that the tax is exigible at the time of delivery of the article, and of course my hon. friend will see at once that the amendment is designed to deal with cases which might be based upon foreknowledge of the kind he has indicated. It provides that those attempting to take advantage of such a situation will not be able to do so. That is the intention.

Mr. STEVENS: I have just one more question on the point, or perhaps it is more in the way of a suggestion. This may be covered in the regulations or by the practice of the department at the present time, but I am not quite certain; therefore I will put it in the form of a question. Is it the practice of the department to insist that shipping receipts as well as invoices shall form part of the documents on which the tax is calculated?

Mr. DUNNING: The auditors of the department examine the shipping documents, which are necessary to prove delivery.

Mr. STEVENS: Therefore the goods must be shipped before May 1?

Mr. DUNNING: Yes. The opinion of the department is that this amendment places it beyond doubt.

Mr. ISNOR: I should like to ask the minister a question in regard to contractors who have entered into contracts—

Mr. DUNNING: This is intended to cover that situation also.

Mr. ISNOR: Even subcontracts, which have not yet gone into effect? The general contract, I assume, will cover all subcontracts that might be entered into in connection with the building?