

Hon. Mr. McRAE: Mr. Hannam, referring to the second section of your brief, headed "Deductions of tax from farm workers' wages", I am entirely in agreement with that paragraph. I have had experience identical with what you report. Could you give the committee an estimate of what percentage of farm labourers have had their tax deducted at source? That would be a guess, but I should like to have it.

Hon. Mr. HAIG: I think it would be a pretty wild guess.

Hon. Mr. McRAE: No. I know of only two in the province of British Columbia. I believe in every man paying his own tax, but on occasion I have had to advance wages to pretty well offset the tax. I think Mr. Hannam can give me a guess—and it will not be a wild guess either, as to how many farmers have made returns for deductions of income tax from their employees, what percentage of them?

Mr. HANNAM: If you insist that I make a guess—I might say first of all, it seems to me I have run a cross fifty farmers in Ontario who do make deductions; that is personal.

Hon. Mr. ASELTINE: Do they file those four returns, or just show them on the blue form?

Mr. HANNAM: No, they just show it on the blue form. But if you want me to guess what the percentage would be, I would be prepared to put it at a half of one per cent. That is just a guess.

Hon. Mr. McRAE: That is the reason that so far the Act has failed very seriously. It does not seem to me that the returns from it are sufficient. Now, with respect to form T.D.1, I think that is required to be filed monthly, is it not? I wonder if it could not be simplified by providing for an annual return by the farmer of what he has paid for wages and to whom during the year. Would not that annual return be sufficient instead of a monthly return?

Mr. HANNAM: I do not know what the policy of the Department is, but it is my impression that the Income Tax Department does accept an annual return in many cases.

Hon. Mr. McRAE: They demand it in the form of monthly returns, as I remember.

Mr. HANNAM: It is my impression that they accept an annual statement.

The CHAIRMAN: Mr. Elliott could tell us that, I should think.

Mr. ELLIOTT: I shall be very happy to file the information. Farmers who have employees pay them on a monthly basis, and then they must deduct according to the table of tax deductions the appropriate amount having regard to the material status and so on and the wage paid. The table of tax deductions will show what should be deducted. The farmer who deducts that amount will send it to us within one week of its deduction. If the employee is taxable, that plan is highly desirable, because the very name of the employee the farmer pays is on record. The table of tax deductions in the main only requires the deduction because the man is paid at a rate which, if continued through the year, would make him taxable. At the end of the year the farmer must make a statement of all wages he has paid and the amount deducted, just the same as anybody else who is an employer, and that the money has been transmitted to the Receiver General of Canada. We get the names of the persons from whom the deductions were made, in order that we may credit to those employees, when they file their returns, the amount paid by their employers on their behalf. The farmer must file his own income tax return. In making up his net income, naturally he shows the wages he has paid. That would tie in also with his annual statement of amounts deducted from his various employees.