

Hon. Mr. FOWLER: Wines come in cheaper under the French Treaty, do they?

Hon. Mr. DANDURAND: Yes.

Section 5 was agreed to.

On section 6—tax on sales:

Hon. Mr. GORDON: In the case of a manufacturer of paper and pulpwood, where would the tax be payable?

Hon. Mr. DANDURAND: If he sold to a paper manufacturer there would be no tax until the paper was paid for.

Hon. Mr. GORDON: Then the tax would be paid by the paper manufacturer, not by the pulp manufacturer?

Hon. Mr. DANDURAND: Not by the pulp manufacturer.

Hon. Mr. CASGRAIN: That 6 per cent on newsprint is a great imposition, and if we had the power to do it I would move that the tax remain as it was before. Paper sells around \$75 a ton, and a newspaper has to pay to the company that sells the paper \$4.50, bringing the price up to \$79.50 a ton. I know that it costs one paper in Montreal La Presse, \$60,000 a year. Formerly the tax was \$2.25.

Hon. Mr. FOWLER: Cannot they pass that on to the purchaser?

Hon. Mr. CASGRAIN: That is the trouble with a newspaper; the publishers cannot pass it on. They could mark the price on the paper, 2 cents, and Government tax, one cent, but that would not make any Administration very popular. The paper sells for 2 cents or 3 cents.

Right Hon. Sir GEORGE E. FOSTER: But the advertisements sell for any price they can get. Leave them alone; they will pass it on.

Hon. Mr. CASGRAIN: They cannot pass it on. More than that, the rates on advertising are regulated, and I am told they have reached the maximum, and cannot raise them any higher.

Hon. Mr. DANDURAND: I have some pity for the poor man, but none for one whose profits are half a million a year.

Hon. Mr. DONNELLY: I would like to get the view of the Government on the question of lumber, which is sold net at 90 days. Suppose the lumber merchant sells a carload in June and does not get his money for 3 months, does the Government consider that

the change of possession constitutes a sale, and that he has to make a return in July and remit his tax on that carload of lumber, or is he to wait till he gets his money?

Hon. Mr. DANDURAND: I am informed that he is obliged to make his return and pay although he has not himself been paid.

Hon. Mr. ROCHE: Are there any exemptions to the regulation that 6 per cent will be paid on the importation of all goods? And when would that have to be paid? Suppose a person received a cargo of goods and they were entered at the Custom House, would the amount of the Sales Tax have to be paid at the time the goods are entered at the Customs House?

Hon. Mr. DANDURAND: There is a very large list of articles that are exempted in the Act of 1915, which still remain exempt, and in this Bill there are two or three additions to the exemptions.

Hon. Mr. ROCHE: Would the tax on those that are not exempt have to be paid on the invoice being presented at the Custom House?

Hon. Mr. DANDURAND: My information is that the tax must be paid when the duty is paid, except in the case of licensed manufacturers and licensed wholesalers.

Hon. Mr. ROCHE: But suppose there is no duty?

Hon. Mr. DANDURAND: They pay whether there be duty or not. The tax is paid at the time of entry.

Hon. Mr. TURRIFF: What increase will the changes of this year make on the amount of the Sales Tax that is being levied?

Hon. Mr. DANDURAND: It may be the same as last year. It is impossible to give anything more than an estimate.

Hon. Mr. TURRIFF: This Sales Tax of 6 per cent means in many cases really a tax of 8 or 9 or 10 per cent when the goods reach the consumer depending on the number of hands they go through because the wholesaler buys from the importer and adds his profit to the 6 per cent; then the retailer buys from the wholesaler and adds his profit to \$1.06; and so on. So we are really paying a tax amounting to something around 7 or 9 per cent at least.

Hon. Mr. DANDURAND: My honourable friend is quite correct. The consumer pays more than the 6 per cent.