

*Special War Revenue Act*

in Canada for the same model of car. This centralized industrial area in this part of Canada has been charging other parts of the country excess prices for everything and surely the government should not act with them in placing higher taxation on these people. This is not necessary and the same rates could be charged in every part of Canada.

Mr. CAHAN: I think, as the minister says, we are getting far away from the issue raised in this resolution. For some months, two or three summers ago, I had something to do with the administration of the Department of National Revenue. My memory is clear that the sales tax was then levied in accordance with the statute. Section 86 of the statute states that there shall be imposed, levied and collected a consumption or sales tax of six per cent upon the sale price of all goods. The amount of this tax is now being increased to eight per cent. Paragraph (a) of the section reads:

(a) produced or manufactured in Canada, payable by the producer or manufacturer at the time of the delivery of such goods to the purchaser thereof.

Therefore, if commodities are sold at Oshawa or Toronto the sales tax of eight per cent will be computed upon the invoice prices.

Mr. YOUNG: What invoice prices?

Mr. CAHAN: The invoice price charged by the manufacturer or the producer for that commodity delivered at Oshawa. If any person wishes to obtain the commodity at the lowest possible price, all he has to do, if he is a resident of Vancouver, Victoria or Halifax, is to buy it at the price for delivery at the station where the commodity is manufactured.

Mr. ROSS (Moose Jaw): You would have to buy three cars.

Mr. CAHAN: Buy three cars?

Mr. ROSS (Moose Jaw): Surely.

Mr. CAHAN: No, not at all. You can buy any commodity for delivery and pay the sales tax on the minimum price for the sale of that commodity at the factory.

Mr. McGEER: How can you do that when you are assembling?

Mr. CAHAN: Just a moment, please. You can do better than that. Many commodities can be purchased for delivery at the place where the purchaser resides. In such cases the cost of transport from the place of manufacture to the place where the purchaser resides

[Mr. J. G. Ross.]

is paid for by the purchaser, as he must pay it, but in the case of a motor car he would pay very much less for transportation if he took his delivery near the place of his residence. In that case the manufacturer will sell to him and receive the price of sale, but the transportation charges will be cut down by reason of the fact that the manufacturer giving delivery to him at the place of his residence in any distant part of Canada will be able to transport in large quantities to that place of residence at a less cost for carriage than if it were one single package sent by freight or express, because in the transfer of large quantities from one part of Canada to another the transportation charges on goods in bulk are proportionately less than the transportation charges on single articles. The sales tax is levied and computed upon the purchase price, and is payable by the manufacturer or producer at the time of delivery of the goods to the purchaser. Therefore it is true that a purchaser residing near the factory may purchase at a price for delivery less than if he bought for delivery at a point 3,000 miles away. But if he buys for delivery at a point 3,000 miles away the sales price of the manufacturer will not cover all costs of delivery and insurance, and the cost to the purchaser will in such case include cost of transportation and cost of insurance. But it is a great advantage to the purchaser of many commodities to buy for delivery in his own town because in such case the manufacturers may arrange for transportation in large quantities, with the result that the individual unit is transported for very much less cost.

Mr. McGEER: The illustration just given by my hon. friend from St. Lawrence-St. George indicates something quite apart from the sale of automobiles. This sales tax is levied at the manufacturer's place. Cars go out to dealers in carload lots; they do not go out to individuals, and the question here is: can some way not be found whereby the tax on an automobile shall be somewhat the same in the maritime provinces and in the western provinces as it is here in central Canada? But quite apart from this whole question of assembling and complete manufacturing, one objectionable feature to any taxation is unequal taxation, and as this particular tax is being imposed there will be two effects: First, it will be a discrimination against the maritimes and the west and a preference in favour of central Canada; in addition, it will carry with it a burden of taxation on the user of the same commodity in the maritimes and in the western provinces that is not imposed on the user living in the central sections.