

**THE PROVINCE OF QUEBEC
STOCK TRANSFER TAX.**

THE NATURE OF THIS STAMP TAX, ITS INEQUITY, IT DISCRIMINATES ARBITRARILY AGAINST ONE CLASS OF BUSINESS, IT TENDS TO PREJUDICE CAPITAL AGAINST THIS CITY AND PROVINCE, IT DISCOURAGES CAPITAL ORGANIZATIONS AND OPERATIONS, ITS CONSTITUTIONALITY QUESTIONED BY EMINENT AUTHORITIES, POSSIBILITY OF DEMAND FOR REFUND OF WHAT HAS BEEN COLLECTED BY THE STAMP TAX.

In the Province of Quebec no stocks, bonds, or other securities can be legally transferred from the owner to a buyer without a tax, in the form of a Government stamp, being paid to the provincial authorities.

The operation of this transfer tax would be strictly parallel were every store-keeper compelled to affix a stamp on every receipt given in his store, and no purchase or sale of goods be a legal transaction unless evidenced by a stamp.

The transfer tax is, indeed, more oppressive than would be a tax on the transfer of dry-goods, and other articles, for such goods are bought for use or consumption and are not liable to pay the tax a second time.

Shares and bonds, on the contrary, are perpetually passing from owner to owner, sometimes being transferred several times in one day, and very commonly they change hands at short intervals. It thus occurs that the identical security which has paid the stamp tax once is taxed over and over again. So long as it is marketable a security is liable to be again taxed, whenever its ownership changes. It is an economic law, which all authorities recognize, that, whatever charge of a tax nature is imposed upon saleable goods, or properties, adds far more to the selling price of such goods or properties than the charge imposed. It is another law that, a tax upon commercial transactions, which has to be reckoned with whenever buyer and seller enter into a contract, is a most injudicious restraint of trade. A tax of this nature, a tax, that is, on the transfer of an article from seller to buyer, has been aptly compared to the antiquated system of toll gates and the *octroi* system of France, which have been abandoned, or modified owing to their being condemned by modern intelligence as arbitrary obstructions to traffic and trade. The Quebec Transfer Tax is, in fact, a revival of a taxing system which has been condemned by the wisest statesmen and highest authorities on taxation questions. It creates the greatest irritation, the most annoying obstruction, the most injurious prejudice, and inflicts a maximum of injustice to accomplish a most trifling result which could be far more readily secured without any such evils.

A transfer of securities tax prejudices capital against this province. In order to escape this im-

post business is transacted outside the province, by which alienation of business the interests of the province are injured. In organizing new enterprises it is most helpful to have a free, open, lively market for the securities they will create. But, a transfer tax restricts the security market where it is in force, and prejudices capitalists against its being utilized for their operations. To plead that the stamp tax is small is irrelevant. A trifling bit of grit inserted in a machine will spoil its working. Financial business is like a delicately constructed apparatus, the efficient working of which demands its absolute freedom from extraneous matter. The arbitrary character of the transfer tax is a glaring obstruction to it. Why should buying and selling securities be taxed any more than buying and selling any other vendable commodities, or values? The physician, the lawyer, the notary, sells his services, why not tax him on every prescription, or letter, or work performed for a patient, or client? Why not post a Government officer at each dry goods, grocery, clothing, or jewellery store and compel the proprietor to pay a tax whenever he transfers an article to a buyer? In all fairness every farmer who transfers his grain, or cattle, or butter or cheese to a buyer ought to pay a transfer tax to the Quebec Government.

Whatever view is taken of this tax, it is seen to be most objectionable, for, on the grounds of equity, of expediency, of regard for Provincial interests, and as an economic experiment, a tax on the transfer of securities is wholly indefensible.

If the Quebec Government needs more revenue and has no other resource than the stock market, let a tax be placed on the brokers, but the financial interests of this province urgently demand the cancellation of the stamp tax on the transfer of securities.

We have not discussed the constitutionality of the stamp tax on transfers although high legal authorities claim that such an impost is *ultra vires* of a Provincial Legislature.

It is not improbable that the Government may some day be called upon to refund the amount collected in connection with this tax. We have simply pointed out a number of good reasons for its repeal from a business standpoint.

**THE QUEBEC LICENSE LAW AND
THE DOMINION BANK ACT.**

The British North America Act, Section 91, declares that;

"The exclusive authority of the Parliament of Canada extends to all matters coming within the classes of subjects next hereinafter enumerated; that is to say;

15. "Banking, incorporation of banks, and issue of paper money."

In the list of "Exclusive powers of provincial