

*Income War Tax Act*

Vice-President, Ontario Associated Boards of Trade and Chambers of Commerce.

Immediate Past President, Toronto Board of Trade.

President, Toronto Board of Trade.

Secretary, Toronto Board of Trade.

Secretary, Toronto Builders' Exchange and Construction Industries.

Vice-President, Toronto Real Estate Board.

They all approved of this legislation.

Mr. BAXTER: The first section says it is to be a lien upon the assets of the taxpayer. That, I take it, would include both real and personal property. Then subsection (3) provides that the lien shall not have priority over any sale or pledge of personal property made to a bona fide purchaser or pledgee, for value, without notice of any unpaid assessment of the vendor or pledgor. Real estate is not dealt with. Take the case, not of a loan company, but of a private individual loaning upon mortgage. How is he to get any knowledge of this thing? If he applies to the income tax department, I assume the rule of secrecy will forbid any information being given out to him. You cannot reveal how much a man is taxed. How does he get the information?

Mr. JACOBS: He will find out when the assessment is made.

Mr. BAXTER: He may be required to produce his receipt, but you have to wait quite a time before you get your receipt. You pay in the dark and wait till the department adjusts it. I am not complaining of that; I do not see that there is any other way, but it is not possible for the proposed lender to know for quite a time whether the borrower has made a correct calculation of his income tax and whether the department has approved of it. After all, is there need of a lien upon real estate?

Mr. ROBB: Yes, I think so. The taxpayer who desires to borrow the money will go to the inspector of taxation for the district, and will get a certificate that there are no assessments outstanding upon which we have a lien.

Mr. BAXTER: Not every man can pay his taxes a month or two in advance, and in the latter days of April, for instance, and in the offices are crowded. How in the world, at such a time, can the inspector of taxation determine whether the calculation is correct or not? He may not have had an opportunity to dissect the man's statement, and how can he drop all other business and take up this case for the purpose of giving a statement? There is a certain period of the year when it becomes well-nigh, if not altogether impossible to get one's receipt without waiting.

[Mr. Robb.]

It is rather a serious thing. I do not want to see any escape the taxation. I think there are too many escaping now, but I do not want to see any undue hindrance put in the way of a man who is compelled to borrow money on mortgage and may find himself absolutely held up and unable to get the requisite certificate or satisfy the lender that his property is clear from a lien of this kind.

Mr. ROBB: There will be no undue hindrance. I point out to my hon. friend that the lien only comes into effect after the account has been properly audited.

Mr. MARLER: I should like to ask the minister a question regarding subsection 2 of section 7. I quite understand that when the certificate is given by the legal officer showing there are no arrears that certificate holds good as regards any securities so executed, but would that certificate also hold good in the case of pledges made to banks and of securities that were substituted for the securities originally hypothecated or pledged? Supposing a person went to the bank and pledged as collateral several hundred shares of a certain stock, or various classes of stock, and came back later on and under precisely the same pledge substituted other securities? Now, the actual hypothecation would be the same act but the securities would be different securities. It is an important question I am putting to the minister as regards banks and other institutions.

Mr. ROBB: The opinion is that the certificate would hold good except the case came under the Bulk Sales Act or a similar statute.

Mr. MARLER: I can take it the interpretation of the section is that once the waiver is given as regards the inclusion of a security, that securities substituted under that are still free from the lien.

Mr. ROBB: May I read paragraph 3 to clear up the point; the language is pretty clear:

The lien hereby created shall not have priority over any sale or pledge of personal property made to a bona fide purchaser or pledgee, for value, without notice of any unpaid assessment of the vendor or pledgor, unless the sale is within the provisions of any Bulk Sales Act or similar statute.

Mr. MARLER: If the term "personal property" is made to apply to movable property there, it is clear; but I was using the term "personal property" more in the line of goods and chattels than stocks, bonds