

*Special War Revenue Act*

Mr. BENNETT: It is an amendment of the original resolutions. I thought that the committee should have them all before them, so as to avoid confusion at the next sitting. I am now stating the purport of resolutions so that before the first day of July there may be a clear statement as to what was intended. The resolutions will be in the distribution office and be available to hon. members to-morrow.

Mr. POWER: We disregard the previous resolutions brought down?

Mr. BENNETT: I think that that would be the best way to deal with them.

Mr. POWER: So this is a new budget?

Mr. BENNETT: Not a new budget at all.

Mr. RINFRET: An improved budget.

Mr. BENNETT: If the lessening of taxation is an improvement then in the sense that the number of items included in the tax is not so great, I think my hon. friend is right, but if the necessities of the country have to be met as I believe they will have to be, I cannot hold out any hope that this vast list of exemptions from the sales tax can long continue. These exemptions, strange as it may sound, cover as hon. gentlemen will find when they get copies to-morrow, seven pages.

Mr. POWER: Has the present list of exemptions been added to?

Mr. BENNETT: There are some slight adjustments.

Mr. POWER: Additions?

Mr. BENNETT: They are merely in the nature of making perfectly clear matters about which there may be some little doubt to-day. In general there has been an absolute continuance of the existing condition. There are three items to which reference might be made.

Mr. POWER: Additions to what existed before the first day of June?

Mr. BENNETT: Yes.

Mr. HANSON: Would the exemptions now include the so-called expense materials?

Mr. BENNETT: I said that the exemption was being continued with respect to all the items of exemption existing prior to the first of June, except three, and those I will make perfectly clear.

Mr. RALSTON: Is that retroactive?

Mr. BENNETT: They are all from the first of June.

[Mr. Power.]

Mr. RALSTON: Any collections which have been made will be based on that?

Mr. BENNETT: Collections are made monthly with respect to the licensed concerns. The others will get credit for them; it is only a matter of adjustment. The first payments under the act will not come due until to-morrow, and those are by licensees.

The customs items are very numerous. I have no doubt hon. gentlemen have seen the statute and will recall that there are five pages of them. Then, the wording of the budget items is made to conform to that of the items as they are now rather than as they were, and that effects some slight changes to which reference will be made.

Mr. VENIOT: The tax put into force on the first of June was collected by the wholesalers, not the manufacturers. That wholesaler paying the tax to the government collected it from the retailer. The retailer naturally would add that tax to the price of his goods and the consumer would have to pay it. Why reimburse the wholesaler when he did not pay out the money?

Mr. BENNETT: There will be no reimbursement where there has been no payment.

Mr. JACOBS: Has any estimate been made as to what amount of revenue the country will lose as a result of these new exemptions?

Mr. BENNETT: The officials of the department do not feel disposed to give a definite statement in that regard. I hope to be able to give the committee a more exact statement when complete computations have been made, but I may say that they amount to several millions of dollars.

Mr. VENIOT: I may be a little dense, but I still think that this sales tax which has been increased from one to 4 per cent must be collected from the consumer. The consumer paid to the wholesaler, and the wholesaler was supposed to pay to the government. If there is any reimbursement or readjustment, what right has the wholesaler to that money? That would be just so much more found money for him which actually belongs to the consumer. If the consumer cannot be paid I suggest that the treasury keep that money and not hand it over to the wholesaler.

Mr. BENNETT: The point taken by my hon. friend is perfectly clear and quite correct. If a tax has been paid and passed on to the consumer, certainly the wholesaler will not get it back.

Mr. VENIOT: I hope not.