

May  
Tenth  
1933.

Honourable E. W. Rhodes, K.C., LL.B., B.C.L.,  
Minister of Finance,  
Ottawa, Ont.

My dear Mr. Rhodes:

It has been brought to my attention that the University is paying 5% income tax on revenues derived from Canadian investments which are payable in American funds, a case in point being the interest payments received from Dominion Coal Company bonds. I understand that the Royal Trust Company has raised the question with Mr. Elliott, Commissioner of Income Tax, as to whether those institutions, such as universities, which are exempt from all income tax should be assessed in the case under review. I am informed that Mr. Elliott's statement was to the effect that this particular tax applied to all corporations of whatever nature.

This University, of course, has never contemplated paying any income tax to the Federal Government under any circumstance, and I cannot help but think that it was not the intention of the Government that universities should be assessed in such a manner. Universities are not engaged in any form of profitable industry. Like hospitals, they are public service institutions and the principles that govern the taxation of corporations have never applied to them. It seems to me most unreasonable that universities should be asked to pay this tax.

I should be very grateful if, at your convenience, you would let me know whether the Government is prepared to exempt the University from payment of this tax.

Ever yours faithfully,

Principal