

Deficiencies at Distilleries.

Effect of circulars G. 412 and G. 412a, issued in February and March, 1894, directing that tests for duty should be made at a temperature of 40 deg. F.

	REDUCTION OF DEFICIENCIES.		
	1891-92.	1892-93.	Part of 1893-94.
	Galls.	Galls.	Galls.
Gooderham distillery	19,355·03	13,630·26	a
Walker's do	8,192·63	17,097·34	4,735·76
Seagram's do	3,130·70	3,322·25	1,752·75
Colby's do	2,434·56	2,895·45	1,363·52
Marshall's do	2,532·14	2,586·79	1,425·34
Whitney's do	3,604·70	4,085·26	a
Spalding's do	29·91	24·70	a
McLaren's do	24·92	19·87	a
a. No production.	39,304·59	43,661·92	9,277·37
Less surpluses produced—	Galls.	Galls.	Galls.
Walker's distillery		6,401·18	1,560·75
Seagram's do	943·86	1,221·71	
Colby's do	365·49	1,386·15	104·15
Marshall's do			149·72
	1,309·35	9,009·04	1,814·62
Net quantity duty on which would otherwise have been paid.			
For the year 1891-92—37,995·24 gallons at \$1.50		\$56,992·86	
do 1892-93—34,662·88 do at 1.50		51,979·32	
do 1893-94—7,462·75 do at 1.50		11,194·12	
	80,110·87 proof gallons.	\$120,166·30	

INLAND REVENUE DEPARTMENT, OTTAWA, Nov. 19, 1895.

SIR,—I have your communication of yesterday covering copy of memo. you have transmitted to the Honourable the Treasury Board.

While stating, however, that the quantity virtually relieved of duty by the regulations cited, aggregated 80,110 gallons for the three years, you have omitted to draw attention to the fact that, during those three years, the duty had been established by weight instead of as heretofore by measurement.

That the Exchequer Court has already decided that the practice of the distillers to pass the spirits through refrigerators, thus contracting their volume when tested for duty, was fully within their legal rights;

That the new method of establishing the duty by weight was virtually an increase of taxation to the extent of from three-quarters of one per cent to one per cent, which the law did not contemplate, and that the reduction of temperature from 60f. to 40f. was in effect simply counteracting the increased fictitious debit which the change of system introduced in 1891 had the effect of building up.

I am quite ready to meet you before the Treasury Board or elsewhere to discuss the merits of the whole question of deficiencies.

The department has done what it was advised it had the legal power to do and what it deemed right to do and takes the full responsibility of its action.

I am, sir, your obedient servant,

The Auditor General.

E. MIALL, *Commissioner.*

TREASURY BOARD, OTTAWA, December 4, 1895.

SIR,—Referring to previous correspondence on the subject I have the honour to inform you that by direction of the Treasury Board the matter in reference to deficiencies at distilleries has been referred to the Department of Justice for opinion.

I am, sir, your obedient servant,

J. M. COURTNEY,

The Auditor General.

Secretary Treasury Board.