

departmental expenditure through the detailed estimates. It follows that every effort should be made to effect Confederation by 1st April, or if that should be impossible, at the earliest practicable date thereafter.

It remains to consider how far the timing of union may affect the finances of the Province. On the assumption that Customs will be transferred at the date of union, the main factor is the Assessor's revenue, most of which is collected in the first three months of the financial year (April to June). The Province has six months after union in which to exercise its option to enter a Tax Agreement for rental of the Assessor's taxes to Canada.

It is understood that whether or not Newfoundland exercises the option Federal income etc., taxes will be applied to Newfoundland with effect from the date of union. In these circumstances it would apparently be to Newfoundland's advantage to opt for the Tax Agreement. As Canadian taxes (on corporations and individuals) are assessed on the income of the current year and Newfoundland taxes are assessed on the income of the previous year, some special arrangement will be necessary to avoid Newfoundland taxpayers being subjected to double taxation in the year of union. Subject to such arrangement it would appear that April 1st would be a convenient date for union from the tax standpoint, but it is possible that the administrative difficulties involved in the change may require that Canada should defer entry into the income tax field for some time after union.

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Mémorandum du ministère des Affaires extérieures
Memorandum by Department of External Affairs

SECRET

Ottawa, September 10, 1948

NEWFOUNDLAND; DISCUSSIONS WITH DELEGATION; ARRANGEMENTS

At the meeting of the Cabinet on September 10th, it was agreed that the Governor of Newfoundland be informed that the government would be prepared to receive the Newfoundland delegation at any time from October 4th on.

It was also agreed that the Cabinet Committee on Newfoundland be reconstituted as follows:

Mr. St. Laurent
(Chairman)
Mr. Howe,
Mr. Claxton,
Mr. Abbott,
Dr. McCann,
Mr. Pearson¹⁷

¹⁷L. B. Pearson fut nommé secrétaire d'État aux Affaires extérieures le 10 septembre. Il fut élu député fédéral le 25 octobre lors d'une élection complémentaire. L. S. St. Laurent fut nommé ministre de la Justice.

¹⁷L. B. Pearson was appointed Secretary of State for External Affairs on September 10. He was elected a member of Parliament in a by-election on October 25. L. S. St. Laurent was appointed Minister of Justice.