

## THE BEAVER; TORONTO, ONT.

April 25, 1929

### JUSTICE DEMANDED

A determined effort is being made to get the House of Commons to pass legislation providing for the payment of interest on sums collected by the Government and later refunded as being collected in error or otherwise. Any one who has had money in the hands of the Government and had to go through all the red tape and departmental delays required to get it refunded must acknowledge the justice of the contention.

The United States has acknowledged the justice of it for some time and pays at the rate of six per cent. per annum for the time such money is held. This rate is set because it will cost the ordinary man at least this amount to replace the capital so tied up until he can again have it available. In other words he actually suffers damages equal to this rate of interest. Not only that but the Government has the use of the money during that time and certainly should pay something for it even though it were as low a rate as is paid to bondholders.

There is the case of one man who paid in the sum of \$1,350.57. It was two and a half years before he got this money back. The interest he would have to pay to replace this working capital in his business during that time would be \$236.35. As a result in reality the Government forced this man to accept \$1,114.22 in complete settlement for a lawful debt of \$1,350.57.

The old answer of past centuries to this demand was that it is not British practice to pay interest on monies refunded and that the making of a refund at all by the Crown is an act of grace. This is no answer at all. The maker of such a poor excuse forgets that it has also been British practice for government methods to change with the changing times. It is one of the chief boasts of British people that their system of government is not so set and unbending that it cannot adapt itself to changing conditions. If the claim is just the practice of the past should have nothing to do with the argument. The redress of grievance is supposed to be one of the chief functions of Parliament. The fact that it is but a small proportion of the population who suffer no doubt has been one of the chief reasons why the situation was not rectified years ago.

As a matter of fact the Government has already admitted the justice of the claim in several individual instances. In the matter of the Luxury Tax which was removed in 1920 the Government paid to automobile dealers by special vote of the House of Commons the sum of \$392,163.24 on account of interest alone. In this case an organised and powerful industry by pressure obtained justice though it took them about eight years to do it, and it must have eaten up considerable of this amount in attorney fees and other expenses.

Such payments should be made a matter of course to be made to the man who has had a few dollars tied up as to the big and powerful organisation who has thousands and can afford to spend money to get its rights. The Dominion Government should delay no longer but should proceed at once to make such payments statutory as a matter of course.

## THE CHATHAM DAILY NEWS

April 26, 1929

### A TAX INJUSTICE

Mr. James R. Dixon of Ottawa is at present engaged in a movement which will be of interest to every person liable for income tax. At the present time if payment of this tax is allowed to lapse, the person liable must pay interest on all overdue amounts. If, however, through a mistake in making out the return, or for any other reason, overpayment is made, and a refund is granted the government does not pay interest on the amount refunded, and which they have had the use of until it finds its way back to the taxpayer, which in many instances is months after the error has been made.

Mr. Dixon is of the opinion that if the government charges interest on overdue payments, which may be the result of unintentional error on the part of the taxpayer, they should also pay interest when refunds are made of excessive amounts which have been paid. He is perfectly right, and moreover, he is correct in his contention that when such a request is granted by the government it should be made retroactive to 1915 because with the war began the chief taxation grievances.

The parliament of Canada should lose no time in rectifying this wrong. There may be some who think that it is a small matter, and that there are very few people who are paying in money for which they are liable, but an examination of the records would be surprising in this regard. The Income Tax law is a complicated one, and upon many occasions those liable for the tax do an injustice to themselves when forwarding the amounts for which they think they are liable. The error is not always discovered promptly, and months often elapse before the income tax department makes the refund. The question of interest in such cases is never mentioned. The taxpayer gets the exact amount which he has overpaid. But when the mistake is made the other way, and months afterward it is discovered that the amount forwarded was too small, along comes a bill for the balance, with the interest added, and there is nothing for the taxpayer to do but pay up.

Mr. Dixon is meeting with considerable success in the campaign he is waging, at least as far as getting

people interested in it, is concerned. Boards of trade and city councils are passing resolutions supporting his contention, and the press of Canada is practically a unit in lining up behind him. It is understood that intimation has been hinted that if the amounts refunded are not too large, the government may be inclined to grant the request for interest. But the larger the amounts, the greater the reason why the interest should be paid by the government. The reasonableness of the request is apparent on the face of it. If the government has the use of money to which it is not entitled, it is only right that it should pay interest upon it until such time as it is given back to the people who are entitled to it.

## THE HAMILTON HERALD

April 27, 1929

### INTEREST ON GOVERNMENT REFUNDS

Is it right for the Government to charge a man interest on his delayed payments, and then when the Government owes him money, and keeps him out of it, sometimes for years, refuse to allow him any interest, however great the hardship may be for the creditor? Of course every body will say that it is wrong for the Government to set such a bad example, and many will refuse to believe that the Government would be capable of such a policy. Well, they do not know what the Government is capable of doing in this respect. Mr. James R. Dixon has drawn up a voluminous report to show what the Government has actually done and continues to do in this way, and a copy may be had of it, in which he shows how refunds made for wrongful or overcharged payments of custom duties and various taxes, cash deposits, fines, penalties, are never accompanied by a hint of interest. People have not only to bear the injustice of wrongful charges, but must suffer the loss of interest and often have to pay bank interest themselves for the money they are lacking by the Government fault. The subject is really an immense one, and Mr. Dixon has given a summary of what is charged against the Government on this head. Large sums were exacted wrongfully from motor car dealers and the interest on such payments, eventually refunded, amounted to large sums. In 1926 there was paid on this head \$392,163.24 interest on these motor car accounts. Mr. Dixon is now pressing for recognition of the application of the principle to the refunds on taxation of various descriptions wrongfully assessed. Boards of Trade and other bodies are taking the matter up and any one who is interested may obtain information from Mr. Dixon at 18 Rideau Street, Ottawa.

## THE FREE PRESS, LONDON, ONT.

May 1, 1929

### PAYING INTEREST ON REFUNDS

The taxpayers of Canada must pay interest at the usual rate on all arrears of taxes to the Dominion Government.

On the other hand, the federal treasury does not pay any interest on refunds made from time to time when too large an amount of taxes has been collected.

Obviously this is unjust to the taxpayer, an inequitable arrangement which should speedily be remedied by Parliament. James R. Dixon, of Ottawa, has prepared a monumental document setting forth the arguments of those desirous of having the Government pay interest on refunds. It is a nation-wide appeal for support and has received the indorsement of the press throughout the country, regardless of party lines.

In the United States this principle of allowing and paying interest at 6 per cent. per annum on all refunds, for erroneous, wrongful, excessive or overpayment of taxes, fines, penalties, etc., has long since been recognized as not only fair and reasonable, but as good business. In fact, the total cash refunds in the United States up to January, 1929, had attained a figure in excess of the national debt of Canada.

Many individual cases of hardship being worked by the nonpayment of interest on tax refunds are quoted by Mr. Dixon.

## DAILY INTELLIGENCER, BELLEVILLE, ONT.

May 1st, 1929

### INTEREST ON REFUNDS

Last June a resolution was unanimously passed by the Canadian Chamber of Commerce at its third annual convention in Quebec, urging upon the federal government the adoption of "the principle of payment of interest on all monies held by it and refundable to citizens."

In giving reasons for the change in the present practice, the resolution pointed out that such a course is required by equity, as the government enjoys the use of money pending repayment, and, moreover, itself exacts interest on overdue payments on account of taxes.

The case for the payment of interest on money held by the federal treasury and later refunded to citizens has now been developed into a comprehensive summarized review by Mr. J. R. Dixon, of Ottawa, who was so closely identified with the movement to obtain the refund of luxury taxes paid by automobile dealers after those taxes had been suddenly abolished. The review is an exhaustive treatise on the whole subject, as well as being a