

*Income War Tax*

advantage of changes in the price level. But suppose a farmer has been in the cattle business for some years and in none of those years would have made sufficient profit to make it necessary for him to file an income tax return. He is now coming into the taxable brackets of income. Could he, as it were, antedate the computation of the increased value of the cattle and spread that over the years he has been in the cattle business? This would be the accrual system in the computation of taxable income. Can the minister answer that question?

Mr. GIBSON: I am not prepared to answer it offhand, because it amounts to suggesting that the rancher should go back and antedate his tax return or his method of accounting for several years back, change the method under which he has been carrying on up to the present time.

Mr. GRAHAM: He never had to file returns before because he never had any profits.

Mr. GIBSON: I would not want to give a definite answer without consideration, because it is an important item.

Mr. HANSON (York-Sunbury): I should like to point out to the Minister of Finance, if I may in passing, that in the budget speech delivered by the Chancellor of the Exchequer, Sir Kingsley Wood, in Britain to-day he laid emphasis on taxing goods rather than incomes in an effort to curb spending, prevent inflation and conserve supplies for the war effort, and a change was made in the personal income tax of the taxpayers with dependent relatives.

Mr. FAIR: I have a few remarks to make and a few questions to ask. But first I would ask the Minister of Finance whether he took into consideration the suggestion I made on Thursday night last just before eleven o'clock, that in order to save time and expense and recompense to some extent the farmers for the treatment they have received in years gone by he should remove farmers from the income tax classes?

Mr. ILSLEY: I must say that a suggestion to remove any class of the civilian population from liability to income tax is one to which I am not disposed to give favourable consideration. The income tax in its nature is a tax on persons in accordance with their income regardless of their occupation, and if exceptions are made of those in any particular occupation they would be extended degree by degree to include other occupations until we should have a mass of discrimination throughout the country which would be indefensible. I have had some experience, and

[Mr. Graham.]

I know whereof I speak. Two or three years ago I listened to the importunities and suggestions of members of this house and introduced a provision in the budget of that year exempting from income taxation members of the armed forces overseas, those on the seas, and those whose duties normally take them in the air. Nothing has caused me more worry; nothing has caused the income tax administration and the government more trouble than that. We did something at that time that Great Britain has never done and that the United States has never done, and apparently for very sound reasons. Immediately borderline cases appeared where the taxpayer said: I am just as much entitled to exemption from income tax as that man, and nobody can convince me to the contrary. And nobody could convince him to the contrary because it was true. For this government to exempt from taxation farmers who have heavy incomes and at the same time maintain our heavy taxation on persons in the same community who have small incomes would be a discrimination so glaring that we could never defend it, nor should we undertake to try. The hon. gentleman is making a request which the farmers themselves generally are not making in this country. Even the hon. member for Qu'Appelle put forward the suggestion tentatively. I think he seemed anxious to make it clear that he asked for this before the hon. member for Battle River did, but apart from that he was not emphatic about it.

Mr. PERLEY: I made the suggestion on March 15. I do not think anybody was in before that.

Mr. ILSLEY: He is putting it on the date rather than on the merits, and perhaps he proved his case there. But he said: If the government thinks they cannot accept that suggestion, well then, do something else.

The point I am trying to make is that we must not start exempting from taxation a particular class or occupation of the civilian population in this country, or we shall be getting on to a slippery slope that will take us down to the destruction of our taxation system. The experience we have had with the armed forces, and the patching up we have had to do, the extensions and the exceptions we have had to make and so on, has taught me that the English are right in the rigour of their taxation system, which is to tax income wherever they find it and to tax it on a fair basis, but not to start making these exceptions.