

TOP SECRET

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The cost of collecting such small amounts from such a large number of tax payers would be very great and it was for consideration what action, if any, should be taken by the Department of National Revenue in this matter. Several possible alternative courses of action were submitted.

An explanatory note had been circulated.

(Minister's memorandum, March 10, 1953-
Cab. Doc. 70-53).

24. In the course of discussion, it was suggested that the T-1 Short Form for 1953 should be modified so as to remove all possible doubt as to the exact amount of tax to be paid in each income bracket and that, possibly, the exact amount of old age security tax payable in each bracket need not be shown, provided it was clearly explained on the form that the amount of tax shown in the table included the old age security tax of 2 percent of taxable income up to a maximum of \$60 for any one individual.

25. The Cabinet noted the report by the Minister of National Revenue on **incorrect** tax calculations made by tax payers, largely as a result of the manner in which the tax tables had been set up in the T-1 Income Tax Short Form for 1952, and agreed:

(a) that no action be taken to collect amounts of tax owing where such amounts in any one case were less than \$1;

(b) that in respect of unpaid balances of \$1 or more in any individual case, the Department of National Revenue deduct such balances from any refunds owing to the tax payer; and,

(c) that the Minister of National Revenue submit, in due course, a T-1 Short Form for 1953, modified in such a manner as to remove any possible doubt as to the exact amount of tax payable in each income bracket.

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