

I greatly fear that a serious question will be raised as to the right of Her Majesty's Government, under the free institutions that have been accorded to the Colonies, to enact legislation which will have the effect of imposing taxation upon property situate in the Colonies. The right of taxation for the purpose of maintaining the Governments and carrying on the development of those great Colonies has been held to have been conceded exclusively to the Colonial Parliaments, and I believe I am safe in saying that no precedent for any taxation of this description can be found to have its origin since responsible government was accorded to the Colonies.

Under the proposed Bill, the property of a person acquired in the Colonies and situated there will be subjected to a large amount of taxation, which will fall on his heirs, who may never have resided outside the Colony, simply because in his declining years the owner became domiciled in this country, where he has contributed to the Imperial Exchequer taxes in respect of the income received from his property in the Colony.

So far as Canada is concerned, the case is even stronger than in the other Colonies, as, under the Confederation Act passed by the Imperial Parliament in 1867, the power of imposing taxation of this description was exclusively assigned to the local governments and legislatures of the Provinces of the Dominion, for the purpose of enabling them to provide the revenue required to carry on the administration of local affairs. In many of those Provinces considerable difficulty has been experienced in providing the necessary amount of revenue for the purpose, and this invasion of a field of taxation thus exclusively assigned to them would result in very serious inconvenience.

I may also mention that a large amount of property which, under ordinary circumstances, might well be spoken of as colonial, is regarded by the authorities as being situate in the United Kingdom, and is already liable to the existing probate or administration duty, even in the case of a deceased owner domiciled in a Colony. I refer to such classes of property as the following —

- (1.) Colonial inscribed stocks transferable only on the books of the Bank of England or any other bank in London.
- (2.) The registered stocks of a British joint stock company, although its funds are invested and its enterprise is carried on in a Colony.
- (3.) The registered stocks upon the British register of a colonial company having a register here as well as in the Colony.

In these circumstances, I cannot but hope the Chancellor of the Exchequer may be induced to abandon a proposal which, while it will absolutely fail in its object, is calculated to raise questions of controversy between Her Majesty's Government and the self-governing Colonies that on every account are to be deprecated.

I must, therefore, ask the continued good offices in this important matter of the Marquess of Ripon.

I am, &c.
(Signed) CHARLES TUPPER.
