

Now the Act places the responsibility for filing returns on the taxpayer. In addition to that the Department has during the last three years forwarded forms for returns by registered mail to those who are deemed liable to taxation under this Act. The receipt of those forms requires the making of the returns called for; whether the tax is payable or not, the Department will be the judge. But every person who receives the forms should file returns; and they will be followed up and will have to do so.

The Income War Tax Act, 1917.

This, in my opinion, will be a permanent Act as long as we are alive, although I am also of the opinion that the revenue derived therefrom may not reach the amount that some of our newspaper friends estimate, based on the wealth of the country.

In furnishing returns under this Act gross income must be shown in all cases, and particulars furnished of deductions claimed. Subject to the taxpayer's right of appeal the officers administering the Act are the judges of what are proper deductions from gross income and the taxpayer will not be excused from liability for omission; it is absolutely necessary that the taxpayer should take the Department into his confidence, place his cards on the table and let the Department decide, and I think the reputation the Department has in connection with the Business Profits War Tax Act will be maintained in the administration of the Income War Tax Act. In a taxpayer's gross income should be reported every item of income derived from any source whatever, actually received or accrued due in the calendar year for which the return is made, whether received in cash or the equivalent of cash, including:—

(a) The annual net profit or gain or gratuity, whether ascertained and capable of computation as being wages, salary, or other fixed amount, or unascertained as being fees or emoluments; or

(b) Profits from a trade or commercial or financial or other business or calling, directly or indirectly received by a person from any office or employment or profession or calling or any trade, manufacture or business, as the case may be.

(c) Interest, dividends, or profits directly or indirectly received from money at interest on any security or without security, or from stocks, or any other investment, and whether such gains or profits are divided or distributed or not, including items of foreign income as well as income from domestic sources.

(d) Income from, but not the value of property acquired by gift, bequest, devise, or descent, received directly or through trustees, executors, administrators or financial agents;