

The only mode of raising money granted by the Constitutional Act, to the Provinces, is by a *direct* tax, and to a limited extent, by means of licenses; the kind of licenses permitted, being vaguely indicated by the examples given in the Act. Their Lordships of the Privy Council, in their interpretation of the Constitutional Act, have shown that the Provincial Legislatures are governments of enumerated powers, and that the power of

### INDIRECT TAXATION

not having been expressly given by the Act, this power cannot be exercised by them (except by means of licenses of the kind specified in the Act.)

The first Constitutional question was presented by an attempt on the part of the Legislature of the Province of Quebec to raise money by an Act affecting Insurance Corporations, which purported to be

#### AN INSURANCE LICENSE ACT,

but as this Act (on an appeal to the Privy Council in a test case) was found by their Lordships not to be a *License Act* at all, but in fact, to be a *Stamp Act*, and as the taxation by stamps was also found by their Lordships to fall within the category of indirect taxation, it was held, therefore, that the imposition of such a tax was not warranted by the Constitutional Act.

This decision having brought out the views of their Lordships on the Constitutionality of the whole system of taxation by stamps as practised in the Province of Quebec, *another* important question was raised as to the legality of the

#### STAMP TAX ON EXHIBITS,

used in legal proceedings in the Courts of this Province; and upon a case carried to appeal, this was also declared by their Lordships to be *indirect* taxation, and consequently beyond the scope of the power of the Provincial Legislatures.

A distinction was sought to be raised in this case, between the operation of the stamp tax in this Province and