

habit of doing so. I do make it a habit, however, to seek some novel, original angle, and present it as briefly as possible. While my few remarks shall bear solely on the matter of income tax, and possibly imply a measure of criticism, I do wish to point out at the outset that they are not meant to cast any reflection on the hon. the Minister of Finance (Mr. Abbott), whose ability is now a by-word and to whom the people of this country are indebted for the budget under review, nor the hon. the Minister of National Revenue (Mr. McCann), whose worldly wisdom and public-spiritedness are so widely appreciated. They do aim, however, at drawing those ministers' attention to a few peculiarities which, in the matter of income tax, appear to me unjustified and are a cause of discontent among the people.

I fully realize that the income tax district offices, the one in Montreal for instance, have had and still have more work than they can handle. As a result of wartime full employment, high wages, lowered basic exemptions, and compulsory savings, from 1941 to 1946 the great majority of wage-earners were subject in the first place to tax deductions at the source and, in the second place, were required to file an income tax report prior to April 30 of each year. Now, according to whether deductions at the source had been too large or too little in relation to earned income, income tax reports have meant a refund or a request for additional payment. In some cases, where reports were assessed only after two or three years, it was only at the end of those two or three years that the individuals concerned were sure that their report was in order. Yet, if the taxpayer in filing his report has made a mistake because the form was too complex for him or for any other reason, he finds, in the case of a claim, that he must pay over and above the amount required, additional interest amounting to several dollars. Had the return been assessed immediately, that is to say during the same year, the interest claimed would have been much lower, but as the months slip by, interest charges accrued which means that the taxpayer must pay them in full simply because the assessors did not find time to do their work sooner.

It will be claimed that from the government's point of view, deduction at the source represents the very best method of collecting income tax. Granted. Still, the business man, whose expenses, even of a current nature, can easily be taken into account as a part of business expenditures—an advantage which is not afforded the small wage-earner—files his return only during the four months which follow the end of the calendar year. It may be

[Mr. L. Bertrand.]

objected that if wage-earners filed their return only at the end of the year or on April 30 of the following year, it might prove difficult or impossible to collect the heavy taxes due. This also I admit, but for the very reason that the wage-earner pays his income tax by weekly or monthly instalments, he deserves special consideration. Personally, I feel that administrative zeal overreaches itself by claiming interest from a taxpayer, particularly if the latter is in no way to blame for the delay which is the responsibility of departmental officials, and particularly if it is obvious that he simply made a mistake and has not the slightest intention of swindling the dominion treasury.

In my constituency, several cases are, to say the least, rather peculiar and I am sure that the same applies elsewhere. Several taxpayers have received notices of assessment, even recently, for income tax returns filed, say in 1943; in addition, they are requested to pay an interest which appears to have been fixed rather arbitrarily. On the other hand, several individuals have been requested to pay money for the year 1945—plus interest of course—and threatened with penalties if they fail to do so; the government, however, owes them money for the year 1944, but fails to make a refund, although it certainly will refund the money some day, but without paying any interest. There should not be one law for rich and one law for the poor. I wish to suggest a few things to the government which are prompted by my eagerness to help the small wage-earners:

(a) In my opinion, the assessment of the income tax return filed by salaried persons, that is those who pay the tax at the source, should be made within twelve months following the date on which it is filed.

(b) Any government claim in connection with this return should be made also within twelve months. If I suggested that there should be no claim for interest, the government would immediately point out that such a course is impossible. I bow to their decision, but I wish to add that when the claim is made after the twelve months term, which I mentioned before, it should not include any interest—that would be the government's penalty—or at least only the interest accrued during the year involved.

(c) Any refund should be made by the department within twelve months after the income tax return has been filed. If there is any longer delay, the taxpayer should secure the same rate of interest which would be charged to him were he in default.