

Mr. HANNAM: No doubt we would collect a great deal more tax, but we would be collecting tax from large numbers that have no right to be taxed on the income tax basis. We think the income tax is one of the most equitable taxes, because it is collected from people who have the ability to pay. But we do not want to tax single or married citizens up to the amount of their present exemption. The State does not wish to take away purchasing power from them below those low exemptions. That is the objection to a turnover tax.

Hon. Mr. ASELTINE: At the end of the year every farmer would file his income tax return, which he does not do at the present time. If he had not had his exemption, he would get a refund from the Department. I believe that the farmers of Saskatchewan pay most of the income tax for all the farmers of Canada.

Hon. Mr. HAIG: They do.

Hon. Mr. ASELTINE: From a return brought down to the House it appears that most of the farm taxes were paid in the Rosetown district.

Hon. Mr. HAIG: Mr. Elliott, can you give us figures by provinces of what the farmers of Canada paid in income tax last year?

Mr. ELLIOTT: I do not remember what the farmers paid, but certainly we can produce the statistics. We shall be glad to file a statement.

Hon. Mr. HAIG: Thank you.

The CHAIRMAN: Senator Campbell?

Hon. Mr. CAMPBELL: Mr. Hannam, under the paragraph headed "Dispersal sales of livestock" you refer to the uncertainties arising from the regulations passed under the Act. What specifically have you in mind there?

Mr. HANNAM: I had in mind what happens when a man has a dispersal sale. All the receipts from his sale is cash income of this year, and under the Act that is all taxable. In practice the farmer does not pay on all of it, because he goes to his Inspector of Income Tax, and that inspector makes an adjustment. He follows some plan which is due to the instructions he receives from his Department as administered by Mr. Elliott and his men. He sits down with the farmer and says, "All right, so much of this will be capital and so much will be income." But our point is that different inspectors may do it in different ways. The other point is that the farmer is liable for the whole of it. He knows that when he goes to negotiate, so he must accept what is given him. If the regulations are uniform, but the inspectors do not apply them uniformly, then the results can be very unfair. We think part of the sale of his livestock is rightly capital, and part is income; but that should be established in the Act.

Hon. Mr. CAMPBELL: You say in practice certain relief is given to farmers who make representations to the Income Tax Inspectors, but you think there should be some plan which would make that practice uniform?

Mr. HANNAM: Right.

Hon. Mr. CAMPBELL: In pursuance of the law.

Mr. HANNAM: Right.

Hon. Mr. CAMPBELL: That would necessitate, I suppose, the establishment of what you term a basic herd plan, and you refer to it in your brief. Have you a copy of the plan, or would there be a copy available for filing?

Mr. HANNAM: We could have a supplementary statement filed to show the working of that plan.

Hon. Mr. CAMPBELL: You say on page 3 of the brief, "A plan has been presented to the Minister of Finance, which might be termed the 'basic herd' plan." Is that memorandum in writing?

Mr. HANNAM: Yes, that has been presented to Mr. Ilsley.