

*Special War Revenue Act*

liability as there is in the case of receipts. The minister said that in reading over a number of the budget speeches he noticed that arguments were made for direct taxation. I am one of those guilty individuals; I have always advocated the principle of direct taxation.

Mr. ROBB: For the other fellow.

Mr. GOULD: The minister has only told one half of the story. We have been advocating the principle of direct taxation for many years, but we do not want that supplemented by indirect taxation. The minister has brought down a budget which adopts the principle of indirect taxation, and now he wants to apply the principle of direct taxation too. That is what we are objecting to. We are prepared to pay in our equity on the principle of direct taxation, provided it supplants indirect taxation. That is the important point with those who are in favour of the principle of direct taxation.

Mr. SPENCER: Why was it found necessary to substitute excise stamps for postage stamps when putting stamps on cheques? There were many postmasters in the rural districts who got a small commission on the postage stamps they sold, and they regard it as a hardship to substitute excise stamps for postage stamps.

Mr. ROBB: I know that it occasions considerable inconvenience and some heart burning perhaps, but hon. gentlemen must understand that if we are to determine what revenue we are receiving from the Post Office Department the business must be segregated. That was the object in view in making the change.

Mr. EULER: Are the stamps now used on commercial paper, cheques, and so forth used only for that purpose, and was the change made in order to tell exactly what the revenue was?

Mr. ROBB: Yes.

Mr. KELLNER: How would the minister prevent a debtor who owed \$25, using five consecutive cheques in paying his creditor, and evading the law in that way?

Mr. ROBB: Do not ask me to tell people how to evade the tax. They know pretty well already.

Mr. KELLNER: I was assuming that people knew how and asking the minister how he would overcome the evasion of the law if that practice was resorted to.

Mr. CAMPBELL: The minister mentioned a reason for exempting cheques above \$2,500 [Mr. Gould.]

that I think is very well ill-founded. I can hardly conceive of a business man, or a business corporation, carrying money across the line, depositing it in an American bank, and then issuing a cheque on it to some part of Canada in order to evade the tax. That is something I can hardly conceive of; in fact we have heard so much about the weakness of American banks that I cannot imagine any of our larger corporations using those banks at all. I do not think there is very much force in that argument. But let us take the case of the man who writes cheques for \$5 and a little over, amounting in all to \$50, he has to pay a tax of twenty cents.

Mr. ROBB: Wait a moment. Does my hon. friend say he has to pay twenty cents?

Mr. CAMPBELL: Yes, twenty cents.

Mr. ROBB: On a cheque for \$5.

Mr. CAMPBELL: We will say there are ten cheques and in each case it amounts to a few cents over the \$5. He is penalized to the extent of 18 cents.

Mr. ROBB: He pays two cents on \$50.

Mr. CAMPBELL: He pays two cents on one cheque of \$50 but if he issues ten cheques for \$5, or five cheques for five dollars and one cent he pays twenty cents. So that he is penalized to that extent on a total amount of \$50. On the other hand a man issuing a \$20,000 cheque pays 50 cents. That is, he pays \$2.70 less than he would pay if the tax were equitably assessed. Now that is my complaint. I can hardly conceive a man issuing a \$20,000 cheque and then walking, perhaps a considerable distance to the American side of the line depositing his money there, and issuing a cheque against it just to save \$2.70. In my opinion that is a very weak argument. I may say personally, and I think it would apply to most hon. gentlemen in this section of the House, that we are quite satisfied with the amendment the minister brings in providing he will raise this amount to, we will say, \$20,000. This will make a considerable increase in his revenue. We certainly do object to the present lack of equity in the assessing of this tax.

Mr. McQUARRIE: With reference to the tax on receipts, I understand the minister has received representations in reference to putting stamps on monthly statements. I believe that early in the session a ruling was given that monthly statements that showed credits of more than \$10 would not require to have stamps on them, but very recently