

ture as easily as it could be secured in the west. But whether it applies to lumber, or the matter now under discussion, the practice of imposing sales tax on freight within Canada might very well be discontinued. It would not be very difficult to bring that about. For instance, we may have a carburetor, a wheel or some engine part, the sales tax upon which could be figured upon factory cost at point of production, and upon a price plus freight to Oshawa or Vancouver.

Mr. DUNNING: Of the part?

Mr. STEVENS: Yes, of the part.

Mr. DUNNING: The hon. member must see immediately that he would upset the whole structure of manufacturing parts of a completed whole under licence, the principle being that the tax is levied on the finished manufactured article. Operations of various kinds are carried on under licence in order to give the department an opportunity to be sure that the tax is collected when the article is finally manufactured.

Mr. BENNETT: At the completed manufactured price.

Mr. DUNNING: Yes, at the completed stage of manufacture. It took years of development of the tax, as the hon. member must know, to arrive at the comparatively simple formula which now exists. May I point out that his suggestion would change the whole principle in that a carburetor manufacturer—and I do not know whether there are any in Canada—

Mr. BENNETT: Yes.

Mr. DUNNING: Yes. A carburetor manufacturer, for instance, would be a licensed manufacturer of parts in relation to, let us say, a plant at Oshawa. But he would be a manufacturer of the finished article in relation to a plant at Vancouver. The hon. member's imagination will indicate to him immediately the difficulty of trying to administer a situation like that. Either a manufacturer must be a manufacturer of parts which ultimately go into a completed whole, which is taxed, or he must be a manufacturer of a finished article which is taxed at his factory gate. I see no escape from one or other of the positions.

Mr. NEILL: When the manufacturer of a carburetor sells the article, is the tax payable on that article?

Mr. DUNNING: No; that carburetor could be shipped to a manufacturer in Vancouver, Oshawa or any other point, and there, wherever it was, enter into the taxable value of the completed article. That is the principle of the law.

[Mr. Stevens.]

Mr. ROSS (Moose Jaw): The question I am asking is this: We make Ford cars in this part of the country, and a certain sales tax is paid to the government. Then, in the city of Winnipeg Ford cars are assembled. Does the Ford car sold in the city of Winnipeg pay a greater tax to the government than the Ford car made at Ford, Ontario?

Mr. EULER: Yes, of course, because it sells for more.

Mr. ILSLEY: In Winnipeg it is an assembling operation.

Mr. ROSS (Moose Jaw): In Winnipeg it is an assembling operation?

Mr. DUNNING: That is a question of fact about which I cannot speak.

Mr. ROSS (Moose Jaw): The tax is on the car, in both places. There is a certain tax paid on a certain type of Ford car; what is it?

Mr. DUNNING: I shall get that information, but I do not have it just now.

Mr. BENNETT: It is eight per cent on the sales price.

Mr. ROSS (Moose Jaw): Yes, but the sales price at Oshawa is lower than the sales price at Winnipeg.

Mr. STEVENS: To the extent of the freight.

Mr. ROSS (Moose Jaw): Yes; so that there must be a higher tax paid by the consumer in Winnipeg than by the consumer at Ford, Ontario.

Mr. DUNNING: May I point out that under this amendment the Ford car, in either case, will not pay it.

Mr. ROSS (Moose Jaw): Possibly so, but I am getting at a principle. In one part of Canada we have a consumer paying a higher tax on an article on which a lower tax is paid in another part of the country. Is that right?

Mr. EULER: It seems to me that the principle is a simple one. Although I do not wish to prolong the discussion, may I explain what I mean? The sales tax is imposed on the manufacturer's sales price. If the manufacturer is located in Winnipeg the tax applies on the selling price of the product as delivered from the factory at Winnipeg. I take it that an assembly plant is a manufacturing plant. The car is not completed until it is ready for delivery to the customer. I take it that the Ford Company at Windsor sends its cars in what has been described as a