

TAXATION OF CIVIL SERVANTS SALARIES.

The work of levying an assessment upon the incomes of civil servants, for the year 1909, has been completed in Ottawa, and reports indicate that steps in this direction either have been, or soon will be, taken in many of the other centres of population throughout the Dominion.

In view of this, THE CIVILIAN embraces the opportunity of placing before its readers a statement dealing with the various attempts which have been made to tax the salaries of government employees up to the present.

The Lephron Case.

For several years prior to 1877, taxes were assessed and collected on the incomes of employees of the federal government. Payment of the assessment of that year was resisted by the civil servants of Ottawa, acting in unison, and a ruling of the courts was invoked in a test case of one Lephron, an official of the House of Commons. An appeal to the county court judge resulted in the setting aside of the assessment. The city then appealed to the Court of Queens Bench, which reversed the decision of the county court judge. A further appeal, on behalf of Lephron, to the Appeal Court of Ontario, was then taken, and in March, 1878, a decision was handed down sustaining the appeal and ruling that the incomes of federal civil servants were exempt from taxation by provincial or municipal authorities. No further appeal was taken and taxes of this nature were no longer levied.

The chief reasons lying at the root of the decision in the Lephron case are:

1. That local or provincial taxation of the salaries of Dominion officials had the effect of impairing the means and instrumentalities necessary for carrying on the functions of federal government.

2. The Dominion government hav-

ing fixed the salary of a certain official at a certain amount, being it is presumed a proper compensation, and no more than a proper compensation, for the duties he is to discharge, no provincial or municipal authority has a right to intervene and reduce the amount below what is fixed as a proper compensation.

3. The officers of the Dominion do not exercise their functions within the bounds of any of the provinces by the permission of the local government. They are there by authority of a higher power, and the province has no sovereignty over them or their salaries.

Members of Parliament Affected.

It is interesting to note, in passing, that in at least two instances attempts were made to assess the sessional indemnities of members of the House of Commons. In the year 1895, the town of Cobourg assessed the indemnity of J. B. McColl, M.P., and the following year the town of Gananoque attempted to impose a tax on the \$2,500 received by Geo. Taylor, M.P., for services rendered during the parliamentary session. An appeal was taken to the judge of the county court, and the assessment was disallowed in both cases upon the same grounds as those which influenced the judgment of the Court of Appeal in the Lephron case.

The Australian Case.

A most important decision was handed down by the Judicial Committee of the Imperial Privy Council, in 1897, in the appeal case of Webb vs. Outrim. That decision was to the effect that an officer of the Commonwealth of Australia, resident in Victoria, and receiving his official salary in that state, was liable to be assessed in respect thereof, for income tax imposed by an Act of the Victoria legislature.