

Sir HERBERT AMES: I do not wish my farmer friends to imagine for a moment that I insinuated that there is any deliberate evasion on the part of any portion of the farming community of the payment of their just dues. I was giving certain figures, which establish certain contentions, and I want them to be accepted in the spirit in which they were given. I did not make any insinuations, and I therefore trust that my figures will be taken on their merits. I stand by them.

Mr. CAHILL: The hon. member for St. Antoine claims great credit for the people of the cities and towns for paying something like \$8,000,000 or \$9,000,000 in income tax. He stated that about 54 per cent of the population of Canada was rural. Now this year we paid something like \$140,000,000 in customs taxes, and I think my hon. friend will give the rural population credit for paying half that amount, which would be about \$70,000,000. I have also heard it stated in this House on numerous occasions that Canadian manufacturers, through the policy of protection which prevails in this country, were collecting from the consumers of this country, chiefly from the farmers, between \$300,000,000 and \$400,000,000 per annum. If you take 50 per cent of \$300,000,000, which the farmer presumably pays, it means the farmer is paying \$150,000,000 to the manufacturer, out of which the manufacturer pays about \$8,000,000 or \$9,000,000 in income tax. That is what it amounts to. The farmer is the man who is producing. He supplies the money to the manufacturer to pay his income tax. He pays taxes on all his farm implements, and I think it is very unfair to attack him for not paying more income tax, when as a matter of fact he is paying all of the taxes, not only to the Government, but to the manufacturer and the city man as well.

Mr. NICKLE: Before this section is passed I should like to say one or two things in reference to the figures of the hon. member for St. Antoine. I am inclined to think that the income tax returns in the future will be a great deal better from the point of view of the country than the figures quoted by the hon. member might lead the House to believe. The figures he gave were figures up to the 30th day of April, 1919, under the Income War Tax Act of 1917. I would assume from the return which he has handed me that those figures were the return for incomes for the year 1917, that is, the fiscal year ending on the 31st of December of that year. That

is a most unfortunate year to choose for the purpose of comparison, to indicate what will likely be collected from incomes in Canada in future. For this reason: Those of you who were privileged to file statements and were called upon to pay income tax for that year, will remember that the taxes were levied—if my memory serves me right, and if not, Mr. Breadner will correct me—on incomes earned and collected during the year 1917. In other words, if the dividend on a stock or the coupon of a bond were payable January 2, 1917, the amount of money paid in respect of that dividend or coupon was not assessable for income tax because the money from which that return was made was earned in the year 1916. The returns for the year 1917 in reference to income tax only show the incomes that were taxed in respect of moneys, putting it generically, paid and earned in the year 1917. Any payments made on stock or bonds in respect of dividends or interest which was earned in the year 1916 paid no income tax for that year. Take, for instance, Canadian Pacific Railway. Dividends on that stock, I believe, are paid on January 2, and quarterly thereafter. Numerous other stocks pay on the same day, many of them in February, some in March or April, and so on throughout the year. Now in respect of all these stocks, and bonds, unless my memory fails me absolutely, an allowance was made in respect of the amount that was earned in 1916, although the money was paid to the person receiving it during the year 1917. My inclination would be to assume roughly that the year 1917, the return for which the hon. member for St. Antoine has quoted, would probably not show more than from 50 to 66⅔ per cent of the incomes in Canada upon which income tax might be hereafter collected. My hon. friend remarks that we get all the big ones. I do not think we get all the big ones. The big ones are the very ones who would escape. Their dividends are largely from debentures and stocks, and they were the class of people who could show beyond possibility of contradiction that their incomes was not earned in 1917—although paid in that year—but in 1916. I make that explanation because I do not want it to go out to the country that we are not likely to get from the income tax a greater amount than the hon. member for St. Antoine appeared to show by his return.

There is one other point. I have not the figures before me, nor the legislation, but I am credibly informed, and my recollection is that the United States last year