THE SALES TAX

Taxation of Sales in Canada and Other Countries Considered With Reference to the Revenue Requirements of the Dominion.

Adjustment of the present sales tax so as to provide a larger part of the revenue required by the Dominion Government is being urged widely. The Business Profits War Tax has proved inequitable in operation and unduly restrictive of business initative. It has discouraged investment of much-needed capital, including money from abroad, and indirectly has added considerably to the prices which consumers have had to pay for many commodities. It has penalized efficiency and economy and has been evaded in some cases by various methods within the law. Similar taxation has been discredited as unwise and opposed to public interest in Great Gritain, the United States and elsewhere. But it is not alone that the Business Profits War Tax is unsound and harmful in its operation; under changed business conditions it could not be relied upon to produce any large amount of revenue. For the fiscal year ended March 31, 1920, the Business Profits War Tax produced a revenue of approximately $44,000,000. The estimated yield for the year ended March 31, 1921, under the tax was $40,000,000, and actual collections for the twelve months period have been reported as $37,601,511. Business depression, with declining values, which set in during the latter part of last Summer or early Fall, has completely wiped out the profits of many industrial concerns and the amount which could under this tax in the fiscal year 1921-1922 would be very small. An example of the way in which business has been affected by changed conditions is found in the recent report of a company which claims to be the largest footwear manufacturing concern in Canada and, indeed, in the British Empire, for the year 1920: as a result of the year's operation a surplus of nearly $1,000,000 was turned into a deficit of $470,250. Under such conditions the Business Profits War Tax cannot be counted on as a revenue source of considerable importance and, because of the other serious objections to it, it ought to be re-enacted

The Corporation Income Tax has been considered as a supplementary levy upon those companies, the income of which was not taxable under the Business Profits War Tax Act. The total assessment upon 2,039 corporations in 1919, on income derived in 1913, was $4,385,598. Objections to the Business Profits War Tax apply in some measure at least to the Corporation Income Tax as well. Industrial profits are taxable when distributed to the shareholders, and taxation of the earnings when so divided is most equitable and does not involve undue hardship on industry at a time when industry is facing serious difficulties and problems. Under present conditions the corporation income tax is objectionable and uncertain as a revenue source and ought to be abolished. It is necessary to consider, however, the Government's financial needs at a time when the revenue from existing taxation is likely to show heavy declines. Last year a number of new taxes were inaugerated, including luxury taxes, certain taxes payable by manufacturers, and the sales tax. The so-called luxury taxes" were abolished by Order-in-Council of December 18, 1920, as were also some of the levies under what was known as the manufacturers' tax. The most productive of the manufacturers' taxes were, however, continued. The levy still applies on confectionery and has been a most sericus handicap to the Canadian confectionery industry under conditions of difficulty involved in price readadjustment and slackened buying demand. It is grossly unfair to include confectionery with certain alcoholic beverages and with playing cards as subject to the manufacturers' levy. The tax on confectionery is discriminatory and unjust and ought to be abolished.

But if these taxes are not to be continued, because they are equitable and harmful to the industries directly concerned and opposed to the best interests of the people of Canada generally, and if the remaining revenue sources are likely to be less productive under changed business conditions than they have been during the last couple of years, there arises the necessity of considering some substitute means of raising revenue. The interest on our national debt for the last fiscal year alone involved an expenditure of $140,000,000. Pensions constitute another item of large importance, and the general expenses of adminisration of the Government are high. Then, too, there is the very heavy deficit on account of the Canadian National Railways which has to be carried by the people and met out of current taxation.

The Sales Tax is regarded fairly generally in Canadian as the most promising and least objectionable means of raising such additional revenue. The Sales Tax, which became effective on May 19, 1920, provided for a levy on all sales by manufacturers; wholesalers or jobbers, and on the duty-paid value of importations. When a manufacturer sells his own products directly to a retailer or consumer, the sales tax is 2 per cent. in all other cases the levy is 1 per cent. The principle of such tax has been fairly generally accepted in Canada. The preparation of returns has involved much work and expense for many companies, but details of administration have been improved and it is believed that any remaining legitimate objections to the method of application can be overcome. Total collections on sales tax account to the end of January, 1921, amounted to $31,311,456. It should be noted, however, that the tax was not applied until May 19, 1920, and that such collections do not include any considerable amount of the tax due on account of sales in the month of January. There has been considerable slowing up of business since last Fall, but the sales tax in its present form will yield about $45,000,000 up to March 31, 1921. With the improved machinery now in operation and despite the curtailment of business, the tax would probably provide between $50,000,000 and $60,000,000 revenue during the year ending March 31, 1922.

Until the Budget Speech is delivered it will be diffcult to obtain any dependable estimate as to the amount of money which the Government will require for the current year. The Business Profits War Tax last year was estimated to yield about $40,000,000 and total collections will be somewhat in excess of that amount. If the Government decides not to re-enact the Business Profits War Tax, to abolish the income tax on corporations, to withdraw the tax on confectionery, and to depend upon an adjusted sales tax to provide the revenue required, it will probably be necessary to raise not less than $100,000,000 by such taxation.

New Hostel At Moncton

Modern Residence Completed for Girl Employes of Atlantic Underwear Limited

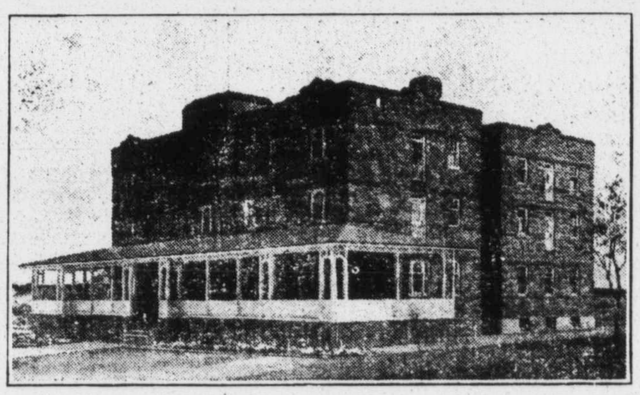
One of the most modern girl's hostels in Canada has recently been completed by Atlantic Underwear Limited, for the accommodation of their girl employes at Moncton, N. B. The hostel for employes is an innovation in the Maritime Provinces, and the Atlante Underwear Company is to be congratulated upon its progressiveness in thus providing congenial and wholesome quarters for their girls. The building occupies a commanding view of the surrounding country, is of brick fire-proof construction, and the lighting and sanitation are modern to the last degree.

The resisence was planned by J. W. Fraser, A. R., I. B. A., of Moncton. It contains a library, living and rest rooms, a first aid and hospital ward, well-lighted and aired bedrooms, ample bothrooms and a well equipped laundry for the use of the girls. The hostel is in charge of a matron, and a chief supervises the kitchen. Food and lodging are provided at cost and will not be in excess of five dollars a week.

Recreation facilities have not been overlooked, for the Company realizes that good food and good rooms are not sufficient for the welfare of the employes. The girls will be permitted to entertain their friends, and in addition to a good dance floor and musical instruments, games etc., are provided for this purpose. For outdoor amusements tennis courts and croquet lawns will be completed by early summer.

The Atlantic Hostel is a commendable effort to elevate the living conditions of the girl workers and to provide them with all the comforts and facilities of a home. Its influence will undoubtedly be reflected not only among the employes themselves but throughout the community.

It has always been the policy of the Company to attract the best class of help attainable to their employ, and the present large investment is a practical working out of theory, that only when employes are well provided for physically and mentally, that the hightest quality of workmanship can be obtained.



New Hostel at Moncton

Seized $11,200 Worth of Liquor

FREDERICTON, April 21—Liquor valued at $11,200, which will probably form the neuclus of the stock for New Brunswick's board of liquor vendors, was seized last night at Campbellton, according to a report received by Sheriff Hawthorne, chief inspector under the New Brunswick prohibition act, this morning.

Chief Hawthorne left Campbellton yesterday morning, after having appointed Norman Pettigrew as a sub-inspector in that district, and he started off in search of liquor.

The success of his search was shown in a telegram received by Chief Hawthorne this morning, which said he had seized 223 cases of liquor and 31 gallons of rum.

Two barrels of liquor valued at $195 were seized at Campbellton on Monday afternoon, having been received there marked to fictitious addresses.

WANT TO REDUCE RATES

A mild sensation was caused at Wednesday morning's session of the New Brunswick Public Utilities Commission at St. John, when an application was presented by the Bathurst Electric Light and Power Company for permission to reduce rates and asking the board to approve a schedule submitted. An order was made, returnable May 25, when the application will be considered. H. C. Ramsey appeared for the company. This is the first application for reduced rates that has been presented to the commission for some time.