

### Income and Business Profits Taxes

There is much interest as to whether the business profits tax will be retained, the income tax increased or new taxation imposed. There is much guesswork at Ottawa, but it is nothing but guesswork and the chances are that nothing will be known definitely until Sir Henry makes his budget speech.

There will be labor legislation this session. How important it will be is hard to say. It is intimated that there will be some sort of naval program, although this will be submitted to caucus for approval. It is not believed it will be an extensive program for the present. It is possible some German ships, dry docks, dredges, etc., may be turned over to Canada. It is correct that they have been offered.

## Manitoba Assessment and Taxation Commission

**Report to Government After Hearing of Much Evidence Recommends Numerous Reforms—Income Tax on "Ability to Pay" Basis is Favoured—Want More From Dominion—Permanent Commission Proposed.**

ADMINISTRATION of assessment law by a provincial commission is probably the most important recommendation of the Manitoba Assessment and Taxation Commission, which has just presented its report to the government. Other features of the report are recommendations favouring an income tax for cities, towns and villages, a business tax levied on net profits, a heavier succession tax on large estates and abolition of the amusement tax. The commission also recommends that the poll tax be abolished and that a levy be substituted for statute labour in rural municipalities. It is strongly urged that the establishment of municipal rural school boards be made compulsory instead of optional. In the matter of tax exemptions, it is recommended that the exemption of church property in urban municipalities be limited to the church building itself and the land upon which it stands; and that the exempted portion be liable to be sold along with the non-exempted portion of the site for arrears of taxes upon the latter; also, that in the case of creameries and cheese factories the exemption be limited to \$5,000; and that hereafter no exemptions of any kind can be granted by municipalities without a vote of the ratepayers as on money by-laws.

The Manitoba Assessment and Taxation Commission was appointed on July 26, 1918, and held sessions to receive evidence in various parts of the province. It was composed of eighteen members, representing the government, the city of Winnipeg, Manitoba university, and other interests. The report is signed by only twelve of the members, including E. M. Wood, deputy municipal commissioner, who was chairman.

### Summary of Report

The recommendations, as summarized by the commissioner, are as follows:—

1. That except as may be hereinafter provided, the present incidence of municipal taxation in the province be not altered.

2. That all real property in the province be assessed. Land at its value; buildings and other improvements at two-thirds of their value. (a) Land, as distinguished from buildings, shall be assessed at its value at the time of assessment. (b) In the case of land having buildings thereon, the value of the buildings be the amount by which the value of the land is thereby increased. (c) In assessing land having buildings thereon, the value of the land be set down in one column. In another the sum representing two-thirds the value of the buildings. The value of the lands and buildings together to form the total assessment of the property.

3. That in urban municipalities, comprising cities, towns and villages, the basis of taxation shall be:—(a) The assessment value of real property. (b) Business. (c) Income. (d) Special franchises. (e) Licenses.

4. That in rural municipalities taxation be on the assessed value of land only, in the case of farm land; and on the assessed value of both land and buildings and on net profits of business and on incomes, in unincorporated village areas in rural communities, where lands are not used for purely agricultural purposes.

5. That for the purpose of widening the base of taxation an income tax be introduced in the urban municipalities of the province, as well as in those portions of rural municipalities having urban characteristics. The tax to be on all incomes of persons over certain fixed amounts.

6. That for the period of at least one year, the prevailing provisions regarding the imposition and collection of the business tax and the personal property tax be continued, and that thereafter, as soon as possible, the tax imposed and to be collected in such cases, be on the basis of net profit of business.

7. That a tax commission be constituted at the earliest possible date, with sufficiently wide powers as will enable said commission to fully and effectually perform its functions, comprising in part:—(a) The active co-operation with local assessors, not including cities, respecting the preparation of municipal assessments with the view of improving the same. (b) The administration of any income law that may be enacted; also that relating to a business tax. (c) The preparation, whenever required, of equitable equalized assessments relating to the several municipalities of the province, upon which to fairly apportion between municipalities the annual statutory levies of the municipal commissioner.

### Provision for Road Improvements

8. That the statute labour provisions of "The Assessment Act" be repealed and that there be substituted therefor the power, and only the power, to rural municipalities, to levy for a limited amount annually against all ratable property within their respective limits for expenditure on road improvements where most needed in the opinion of councils.

9. That the poll tax provisions of "The Assessment Act" be absolutely abolished at the end of the year 1920.

10. (a) That the School Act be amended making the taxation unit for rural schools correspond in area with that for municipal purposes. (b) That the establishment of municipal rural school boards be made compulsory instead of optional (as is now the case) throughout the entire organized rural portions of the province. (c) That in the election of trustees to said boards, a fair method be provided to govern in all cases. (d) That when school districts provide the plant equipment for secondary education, the departmental grants to such be equal to, or at least 80 per cent. of, the entire cost of operation.

11. That the exemption of church property in urban municipalities be limited to the church building itself and the land upon which it stands; and that the exempted portion be liable to be sold along with the non-exempted portion of the site for arrears of taxes upon the latter.

### Tax Exemptions

12. (a) That in case of creameries and cheese factories, the exemption provision contained in "The Assessment Act" in such cases be restricted to \$5,000 of the assessed value thereof, and that they be taxed on any excess capital over that limit. This provision to be applicable to all existing creameries and cheese factories in the province. (b) That