

of money which did not belong to it for a certain length of time.

Whether this money came into the public treasury through the mistake of a government official or of an individual citizen, is not the point at issue. The fact remains that the government has had the use of the funds in question while the owner has had to do without. It would therefore, seem to be only just that the owner should be reimbursed to some degree and six per cent. simple interest is not an exorbitant charge. Copies of the appeal have been broadcast to various parties, including members of all legislative bodies in the Dominion. The petition is one to which the government could very well give a sympathetic hearing.

HARDWARE & METAL, TORONTO, ONT.

April 20, 1929

A LITTLE INTEREST, PLEASE!

A recent memorandum to a variety of interested people shows that Jas. R. Dixon, of Ottawa, is still on the trail of a reluctant government and is trying to secure for the automobile dealers of Canada interest as well as principal on the luxury taxes refunded by the government. Mr. Dixon, in his most recent memorandum, explains to the government how easily it is getting off by being asked for simple instead of compound interest. The immediate question at issue has particular interest for automobile distributors. In its wider application, however, it has interest for business at large, because frequent occasion arises where the government refunds to corporations substantial funds long held. Should or should not the Dominion government pay interest on refunds?

On general principles of morality one would say, Yes! When it transacts business with its subjects the crown, which is the government is in the position of any legal person and should be subject to the same laws and customs. If an individual can be forced to pay interest on funds he retains from the use of another, it seems reasonable that the government be subject to the same requirement. The government has a habit of demanding interest from corporations or individuals when they are overdue in their payments, fair play and common honesty suggest that in return the government should pay interest. In many cases, of course, the amounts involved are infinitesimal, and do not warrant the expense of bookkeeping, but oftentimes real hardship is involved where substantial sums are at issue. It looks as though the government, as a measure of ordinary justice should adopt some regulation where it will pay to its subjects interest compensation on sequestered funds.

MAIL & EMPIRE, TORONTO

April 20, 1929

ASKING INTEREST ON REFUNDS OF TAXES

From the long discussions that have taken place from time to time since 1920 of claims of Canadian dealers in automobiles to refunds of payments of excise taxes made to the Dominion Government a new question has sprung. The Dominion Government, it may be recalled, provided in December, 1920, for remission of luxury taxes on automobiles. Again, in 1926, the government readjusted the rate of customs and excise taxes on motor vehicles and abolished the excise tax of 5 per cent. on Canadian-made vehicles valued at \$1,200 or less. Canadian automobile dealers asked for refunds of luxury taxes paid in advance on machines remaining in their hands and unsold on December 20, 1920. Later they sought refunds of excise taxation paid in advance on Canadian-made cars valued at \$1,200 or less that were in their possession on June 8, 1926. The King Government and the Dominion Parliament dealt with both requests in 1926. Parliament voted \$1,690,000, comprising principal to the amount of \$1,250,000 and interest to the amount of \$440,000 to settle claims based upon the repeal of the luxury tax in 1920. It also provided by amendment to the budget resolutions for the payment of rebates of excise taxes on Canadian-made cars valued at \$1,200 or less remaining unsold in the dealers' possession on June 8, 1926.

The action of the government and of parliament in authorizing refunds of luxury and excise taxes was regarded by the public as a measure of justice to the automobile dealers. That action recognized that the dealers had paid in advance to the government money which they were supposed to collect from purchasers of cars, but which, by reason of the repeal of the luxury and excise taxes, they were prevented from recovering from buyers of motor vehicles. Discussion of the action of the government since 1926 has hinged upon the fact that the government did not deal in the same way with both sets of claims. It allowed and paid interest on claims arising from the repeal of the luxury tax in December, 1920. It did not arrange for the payment of interest on claims resulting from the abolition of excise taxes in 1926. This discrimination has led to the putting forward of a contention that legislation should be enacted to provide for the payment of interest at the rate of 6 per cent. per annum on all refunds by the Dominion Government of customs and excise duties, drawbacks, income taxes and penalties. It is pointed out that the United States government pays interest on such refunds. It is also noted that the Canadian government exacts payment of interest on all arrears of taxation. In other words, the government applies a different policy in dealing with its debtors from that which

it applies in its relations with its creditors. Aside from that fact, it should be remembered that the government has the use of the money that it collects in excess taxation. The taxpayers whose money the government detains are deprived of the use of that money in their businesses pending the payment of refunds.

THE GLOBE, TORONTO

April 22, 1929

WHERE THE LAW IS UNJUST

It is a century-old axiom that "the law is a hass." But more than one person harbors a suspicion that the sloth and seeming stupidity of the law are usually evident when existing conditions suit the ruling authorities. Mr. James R. Dixon of Ottawa is waging a campaign to prove that this is the case in one respect at least.

At the present time the law says that overdue taxes, when collected, must be accompanied by interest payment, at specified rates, for the delinquent period. But the law says nothing about the Government paying interest on charges levied and collected in excess of those legally due. The widow may omit paying a sales tax on her little business until checked up by the inspector. She is finally charged, not only for the amount due, but for generous interest during the overdue period. Let this same widow win a claim for excess payment of customs duties, or any other taxes, perhaps after years of argument. Does the Government pay interest for the use of the money during that period? Nay, verily.

Mr. Dixon, who was active in the successful agitation for a refund of the excise tax paid by dealers and sub-dealers in automobiles, is now out for the application of the same principle in the case of all refunds. He asks that the interest rate on refunds be 6 per cent. He would have an Act passed covering the case so that there would never be any question in regard to the justice of such claims in the future, and would have it made retroactive to 1915, because with the war began the chief taxation grievances.

Mr. Dixon is right. Parliament should enact measures to redress this wrong.

THE HAMILTON SPECTATOR

April 22, 1929

ACT OF JUSTICE

An attempt is being made to remove an anomaly which causes much injustice to a large number of citizens. Briefly, the Dominion government is appealed to—not for the first time—to deal with its creditors as it does with its debtors. This is obviously a fair request, and since those affected are Canadian citizens, there is all the stronger reason why favorable and prompt action should follow. The demand arises specifically out of certain refund claims on Canadian-made automobiles, with interest; but the principle involved applies to all moneys unjustly retained by the government, and therefore the arguments cover all excess or "wrongful payments of duties, income, sales, excise or other taxes." What is complained of is the fact that, when—to take the case of the income-tax payer—the sum paid to the government is less than that required by law, not only is the balance demanded, but interest and penalties are added to boot. If, however, too much has been paid to the government, the best that can be hoped for is that the principal—usually after considerable delay and effort—will be refunded; not one cent of interest can be expected. It is the same in other forms of taxation, the government always has the advantage over the taxpayer, who has no redress, but must suffer the loss of interest, if he is fortunate enough to get back the principal, when money has been wrongfully paid to the government.

In the aggregate, considerable sums come into the treasury in this way. It is suggested that, dating from April 8, 1915, when the Special War Revenue Act came into force, simple interest at the rate of six per cent. per annum be paid by the government on all moneys refundable to citizens. This is already the established practice in the United States. The matter was brought up at the last annual convention of the Canadian chamber of commerce and the principle strongly endorsed by resolution. The Hamilton chamber has gone on record as favoring the movement; while many influential organizations and individuals in all parts of the country have joined in the demand for government action. What is asked is so obviously fair that it is not anticipated that any opposition will develop; but it is the force of public opinion which accomplishes reform, and that is why an organized campaign is necessary.

SASKATOON STAR-PHOENIX

April 22, 1929

INTEREST ON TAX REFUNDS

The Star-Phoenix has received from Mr. J. R. Dixon, of Ottawa, a copy of a brief prepared by him in behalf of automobile dealers seeking to obtain a refund of taxes paid in advance by them three years ago. They appear to have a legitimate claim on the treasury since the amounts were paid in excess of what the law, as amended by the 1926 budget, required of them.

Mr. Dixon expands his particular appeal in their behalf into an apparently sound argument in favor of the payment of interest on all refunds made to taxpayers