

duced, as to the method of collecting it. I should like again to ask the minister if he does not think he could obtain better results by collecting this income tax through the secretary-treasurers of the different municipalities? They know every man in their community and his business, and if we made them officials of the Government, we could obtain much better results with a minimum of expense. Surely we should be able to collect a greater revenue from this income tax than was the experience of the past year.

Will this income tax apply to Government pensions, whether paid to judges or colonels or generals drawing large pensions?

Sir THOMAS WHITE: My hon. friend has called attention to two matters. Personally I do not think it would be practicable to have the income assessment made as he suggests. I do not believe it would give us as good results as we are getting now, or nearly as good results as we shall get when the organization is more complete. My own view is that instead of the cost of administration being high, it is too small. I believe that to render the organization completely effectual for the administration of the income tax in Canada there must be a very considerably increased expenditure. The Commissioner of Taxation may not altogether agree with me. He is very desirous of keeping the cost down to the lowest possible point, but if the income tax is to be administered with a high degree of efficiency I think we must have a much greater organization than we now have. We might even be obliged to have an organization—it would be an immense one—under which practically every individual in the country would be visited and assessed as men are now assessed under the municipal administration. We naturally have been anxious not to increase beyond what is absolutely necessary the administrative expenses in connection with this legislation, but the task of administering the income tax in Canada is a very great one indeed. I pointed out yesterday that in the United States it had taken them some nine years to render their system reasonably effectual. The first few years they encountered all the difficulties that we have encountered. I would weary the Committee if I mentioned all the obstacles which present themselves to the efficient administration of the income tax. I will give this one example which I recall at the moment. The inspector who is in charge of the taxation administration

in one of the western provinces told me that he had found insuperable difficulties in attempting to assess a large farming section of that community, in which, he said, twenty-one different languages or dialects were spoken, and from which he could get practically no returns. I do not want to dwell upon the difficulties because it might be answered that difficulties are to be overcome. That is true. When you have an income tax in effect in the country the Government must do its very best to administer it; I am the very first to say that, but hon. gentlemen here, all of whom are practical men, will realize the very great difficulty we have in enforcing this taxation in many of the sections of Canada. I called attention yesterday to the extreme difficulty of ascertaining, for example, what is the net income of a farmer. Why, with the best intentions, it is very difficult for the farmer himself to know what his net income is. Again, in a province like British Columbia you may have a man liable to assessment who is engaged to-day in mining, and who a week or ten days from now may be in the timber industry or may be in another part of the country. I am not using that illustration to magnify the difficulties, because hon. gentlemen may say that that is an exceptional case. I am simply putting forward to the Committee that the administration of an income tax in a country of the size of Canada, with the diversity of occupations that we have, is a very difficult one indeed.

Some criticism has been made of the fact that we have collected only \$10,000,000 from the income tax which was imposed a year and a half ago. I called attention to the fact, in replying to the leader of the Opposition some time ago, that if an individual, or a firm, or a company was liable for a higher assessment under the Business Profits War Tax Act than under the Income Tax Act, the higher assessment was made. Now if we eliminate the cases in which the assessment paid was on the basis of the Business Profits War Tax Act, and not the Income Tax Act, and consider what would be the additional amount payable if the parties in question were subject to income taxation and not to the Business Profits War Tax, our estimate is that \$10,000,000 more would be derived, so that if the Business Profits War Tax Act were to-day repealed and we were thrown back solely upon the income tax, the revenue for this year, on the basis of the rates of last year would be about \$10,000,000 more.