

Income War Tax Act

Mr. ILSLEY: The hon. gentleman does not have to make inquiries as to where he is working or whether he is working for others or not. He attends to his own knitting. If he is paying that man at the rate of \$1,200 a year he must deduct.

Mr. ESLING: Does the employer deduct both the normal tax and the graduated tax, or only one?

Mr. ILSLEY: Both under this.

Mr. ESLING: What assurance can the employer give the employee who disputes his right to collect? That is to say, who decides the controversy as to whether he is receiving \$660 a year or not? Further, will there not be a repetition of existing conditions in regard to the defence tax, which was collected under similar circumstances? Does the minister know how much defence tax was collected under similar conditions, which has not yet been refunded? I can readily see that it is impossible for the department to know, for the reason that in connection with these taxes which were deducted from persons who were not liable to taxation there was no income return. It seems to me it is only just to the government to advertise the fact that where defence taxes were collected during the past year from those who were not liable for such taxation they may apply to the government. I might say that the government to-day has \$23 which I paid to persons and passed on to the government, which persons were not liable for the tax. But there are so many people who do not know that this tax is refundable.

Mr. ILSLEY: There were 47,000 refunds in the last fiscal year in connection with the national defence tax, and the amount of national defence tax collected was \$107,000,000. There may be some ragged ends about it, but it was a pretty successful tax and pretty widely accepted. When the tax was introduced in the house a great many hon. members raised difficulties about janitors and persons receiving tips and persons hired for an hour or two every week, and one might have become discouraged about introducing such a tax. We also heard about the impossibility of ever checking refunds. But the fact that we collected \$107,000,000 in the last year and made 47,000 refunds shows that both the refund system and the taxation system have some merits.

Mr. CASTLEDEN: Has the minister any figures to show how many cases there are of people who paid the tax whose income was less than \$660?

[Mr. MacNicol.]

Mr. ILSLEY: One could not have such figures.

Mr. CASTLEDEN: In how many of the 47,000 cases of refund were people receiving less than \$660?

Mr. ILSLEY: Some of them may have been refunds of overpayments rather than refunds to persons who were not liable.

Section agreed to.

Section 32 agreed to.

On section 33—Coming into force.

Mr. ILSLEY: This section is not of much public interest. It is rather a dry section. It makes provision for the coming into force of various sections of the measure, but there was a little mistake in drawing it up. I will hand it to the Chairman.

Mr. GILLIS: I asked the Minister of National Revenue this afternoon if he could give some idea of what system had been adopted with regard to collecting the tax at the source for the refundable portion of the income tax, and he asked to have the matter left until to-night when some explanation would be given.

Mr. GIBSON: That is in regard to deductions held from the employee. The employee will be asked to file with his employer a statement showing what amounts he claims to be paying either on insurance premiums, on capital payments on mortgages, or to the superannuation or pension fund. The employer will have a list showing, first, the various rates of wages—and the tax is applicable to those rates of wages—also the total amount of the refundable portion of the tax at that rate. Consequently, when the employee files with his employer a statement showing the amount he claims to be paying, if it is equal to or less than the amount of the refundable portion the employer will deduct that from the amount he has withheld and make that allowance to the employee. Then, as the employee does not file with the employer his actual receipts but just gives the statement at the end of the year when he files the income tax return the employee will send to the department a statement with the actual receipts for these payments.

Mr. NOSEWORTHY: With regard to the exemption for principal payments on mortgage, is it understood that the mortgage must be registered in the taxpayer's own name, or may it be registered in his wife's name?

Mr. GIBSON: It must be registered in his own name.