



Department of Militia and Defence,

Ottawa, Canada,

21st. April, 1921.

Dear Willis:-

I spoke to the Inspector of Taxation yesterday regarding the exemption of sums paid to Officers whilst on leave, and cited General Currie's case as an example. Mr. Fellowes stated that, if the amount was for services rendered he felt sure that it was taxable. I argued that it was in the nature of a gift or gratuity, but he could not see it in that light, however he stated that if I would send him a copy of the Order-in-Council regarding the General's leave he would go into the matter and give me a definite ruling. I will not do this however, unless Sir Arthur so desires, and I would suggest that he forward his return as per attached, claiming exemption, and it is likely to go through, if not there will be no question of a fine, but Sir Arthur would be required to pay 6% interest on the difference between the income as shown and the amount re-assessed. I really feel that the amount should be exempted as it is similar to War Service Gratuity, which is exempt.

Will you please tell Sir Arthur, that if he so wishes, I would be glad to complete his return for him if he would forward particulars of his income.

Yours sincerely,