

MINUTES OF EVIDENCE

THE SENATE,

TUESDAY, December 11, 1945.

The Special Committee of the Senate to consider the provisions and workings of the Income War Tax Act, etc., resumed this day at 10.30 a.m.

Hon. Mr. EULER in the Chair.

The CHAIRMAN: Please come to order, gentlemen.

We had expected to have three or four briefs presented today, but there will be only two. I understand that the Canadian Federation of Labour desires to be heard to-morrow, but I do not know whether that will be possible.

This morning Senator McLean is ready with a short brief. The Income Tax Payers Association is represented by Mr. Thorvaldson, K.C., of Winnipeg, and also by another gentleman whom he will introduce. I would suggest that we go on with these briefs. Afterwards I think the committee should discuss a few matters which have come up since our last meeting. I will call on Senator McLean.

Hon. A. N. McLEAN: Mr. Chairman and honourable members of the committee,

In the statement made by the Deputy Minister of Taxation—time and again Mr. Elliott stressed the great amount of detail work there was to be done by the staff of the Income Tax Department and how difficult it was to get trained men to carry out such work. The Income Tax Department has a staff of 6,887 at the present time, we are told, and millions of income tax returns have to be checked over and assessed annually, which of course, is a huge and difficult task. Now if the number of returns could be cut down substantially, a great deal of labour could be saved and staff difficulties would be greatly lessened making it much easier to keep the work-up-to-date. Checking on the number of tax returns as published for last year, there were 2,450,000 taxpayers or tax returns, but the great majority of these returns came from people within the very low brackets.

There were 385,000 persons who filed returns whose income was between \$660 and \$1,000 per year. There were 1,290,000 persons who paid taxes on an income between \$1,000 and \$2,000 per year. In other words, 1,675,000 of the returns received last year came from people who earned \$2,000 a year or under. The total amount collected from these people was less than two hundred million dollars (\$200,000,000) for the year out of a total amount collected of seven hundred and fifty-six million dollars (\$756,000,000), although those who came within the brackets under \$2,000 a year numbered over two-thirds of the total taxpayers. Therefore, it is apparent that a large portion of the time of the staff of the Income Tax Department is being taken up with lower bracket returns. While these returns are often not as complicated possibly as the returns of those in the higher brackets, nevertheless I am told that the majority of the rebates go to those in the lower brackets which means a lot of work.