

their 1942 tax, but 50 per cent seemed to be the figure around which most of the payments hovered, and it seemed to be the appropriate figure to take. The payments in 1942, on 1942 income, were made in two ways. They were made by national defence tax deductions between January 1 and September 1, and they were made by deductions under the budget of 1942 from September 1 to the end of the year. For persons who were not subject to deductions they were made in quarterly payments, one on October 15 and the next on January 15. We have regarded the January 15 payments as though they were made in 1942; they were made in respect of the 1942 income. In these two ways about 50 per cent of the 1942 tax was paid in 1942 or in January, 1943. At a time like this, for the government to turn round and pay that money back would have been irresponsible, nothing more nor less. The Ruml plan is a plan for another country, where they did not have any payments to amount to anything in 1942 on 1942 tax, where the tax was payable in the spring of 1943. His problem, in thinking about it, was how to make the transition, and he could not see any way to make the transition except by forgiving 100 per cent of the 1942 tax. Here we had already made the transition to the extent of half the tax.

Mr. HANSON (York-Sunbury): By doubling up the tax.

Mr. ILSLEY: No. The hon. gentleman says that in twelve months we have paid or would have paid sixteen months' taxes, but that is not correct. In 1940 or 1941 I announced a voluntary plan of paying taxes by instalments, the instalments to begin in September and to end in September. I think that must have been in 1940, just on the eve of the second victory loan. I remember it distinctly; workers in the second war loan came and said, "If we could say something about the settlement of income taxes it would help in the loan", and after consultation with the Department of National Revenue I made a statement outlining some sort of offer, I forget now what it was, but offering some advantage if taxpayers would start making their payments in September, 1940, so they would be through paying their tax on 1940 income by August, 1941. Something of the same kind, perhaps modified from twelve months to eight months—I cannot just remember all the changes that were made—was offered under another plan in 1941, which carried it into 1942. So that the hon. gentleman always had the opportunity of starting his payments in September, 1941, and of finishing the payment of his 1941 income tax in September, 1942.

Mr. HANSON (York-Sunbury): I did that; I had to.

Mr. ILSLEY: Then what is the hon. gentleman's kick? He did not pay sixteen months' taxes in 1942, then.

Mr. HANSON (York-Sunbury): No, but I paid almost all.

Mr. ILSLEY: The hon. gentleman paid about twelve months' taxes in 1942. He paid some of his 1941 tax in 1941, and some of his 1942 tax in 1942.

Mr. HANSON (York-Sunbury): Generally speaking, people had to pay more in 1942.

Mr. ILSLEY: No. For two years they had the chance to get on a twelve months' basis, starting in September of the current year and finishing their payments in August of the following year.

Mr. ISNOR: And it was a good plan.

Mr. ILSLEY: Yes; it was a plan which commended itself to a very great number of taxpayers. So that there was nothing wrong in making compulsory what we were trying to get the people to do voluntarily in 1940 and 1941. We would have been consummate fools to have turned round this year and paid back the full 1942 taxes, or fifty per cent of them. We could not have defended that for one moment either in this house or in the country.

Mr. JACKMAN: Would the minister say whether or not it is a true statement when members declare that two and a half years' taxes have been paid in two years? I understood that was how the tax law worked, that in a two-year period we shall have paid two and a half years' taxes. Certainly I paid virtually a full year's taxes last March or April; I paid a quarter in September and a quarter in January, so that in one year I paid one and a half years' taxes. I do not see how anyone could pay less than two and a half years' taxes in two years.

Mr. ILSLEY: The hon. gentleman could have done so if he had started the previous September, as he was invited and urged to do. If he had started the previous September, as the hon. member for York-Sunbury did, instead of waiting until April, he would not have had any complaint.

Mr. HANSON (York-Sunbury): I still have the complaint that I paid two and half years' taxes in two years. There was a doubling up of one and a half years' taxes, and I say that was not a fair deal. You got more taxes than you should have got.