

MINUTES OF TENTH MEETING HELD ON THE  
31ST OF AUGUST, 1948, AT 2.30 P.M.

All members were present. The Assessor of Taxes was also in attendance.

The Chairman explained to Mr. Allen that he had been requested to appear before the delegation so that members could obtain his views regarding the accuracy or otherwise of the figures with regard to taxes contained in Vol. I of the Black Book (p. 116) and on p. 16 of the Grey Book under the heading of "Probable Federal Revenue."

PERSONAL INCOME TAX

138. Mr. Allen stated that some of the figures set forth on p. 116 of Vol. I of the Black Book were incorrect. The correct figures were quoted by him for the information of the delegation.

139. With reference to the probable revenue of \$3,200,000 from personal income tax shown on p. 16 of the Grey Book, Mr. Allen said that he had not yet had an opportunity to go into this matter thoroughly but at the moment and as a result of the somewhat incomplete examination he had been able to make, he thought that the actual revenue from this source would be in excess of \$5,000,000. He stated briefly his reasons for this estimate and undertook to enquire into the matter more closely in an effort to arrive at as accurate a figure as possible.

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CORPORATE INCOME TAX (INCLUDING WITHHOLDING TAX)

142. The figure of \$7,500,000 shown in the Grey Book in this respect was, in Mr. Allen's opinion, reasonably correct. For the year 1945, Newfoundland collected \$7,753,370 from this source and for 1946, \$7,662,031. He had no reason to anticipate that collections in the immediate future would be less than \$7,500,000 and considered that they may well be somewhat higher.

SUCCESSION DUTIES

143. Mr. Allen thought that the figure of \$320,000 from succession duties was over-estimated. Under existing rates Newfoundland collected \$300,000 from this source. Under Canadian rates, however, estates up to \$50,000 are exempt from taxation with the result that the revenue under Confederation will be less than as at present. Mr. McEvoy asked whether, in the event that Newfoundland signed the Tax Rental Agreement, the Provincial Government would be permitted to impose an inheritance tax. An examination of the Agreement revealed that this would not be permissible.

POSITION AT TIME OF ENTRY INTO CONFEDERATION

144. The problems that would confront Newfoundland taxpayers at the time of entry into Confederation and the consequent change-over from the present method of payment to the "pay as you go" system was discussed at length. Mr. Allen stated that when the change-over came in Canada, the Federal Government forgave one-half of the taxes due for the year immediately preceding. The circumstances were somewhat different in Canada, however, than they would be in Newfoundland and he doubted if this procedure would be effective. Various suggestions were put forward by members to overcome the difficulties which will undoubtedly arise in this respect but, upon close examination, it was found that