

SECOND DIVISIONAL COURT.

APRIL 4TH, 1919.

\*RE MASSEY-HARRIS CO. LIMITED AND CITY  
OF TORONTO.

*Assessment and Taxes—Assessment of Industrial Company in Respect of Income Derived from Investment in Dominion Bonds—Proper Amount of Assessment—Amount actually Received as Interest—Discount Allowed upon Payment in Cash for Bonds—Capital or Income—Deduction for "Carrying Charges"—Loss of Capital on Resale of Bonds—Assessment Act, sec. 11 (b).*

Appeal by the Corporation of the City of Toronto from an order of the Ontario Railway and Municipal Board reversing the order of the Judge of the County Court of the County of York, upon an assessment appeal, and reducing the amount of the company's assessment in respect of income.

The appeal was heard by MEREDITH, C.J.C.P., BRITTON, LATCHFORD, and MIDDLETON, JJ.

C. M. Colquhoun, for the appellant corporation.

J. M. Hossack, for the company, respondent.

MEREDITH, C.J.C.P., read a judgment in which he said that the company, the business of which was the manufacture of agricultural implements, bought "Dominion Victory Bonds of 1917." The company was assessed, for municipal taxation, as a manufacturing concern in respect of its business as such; and also for income upon its investments in these Victory bonds; and necessarily so assessed in compliance with the provisions of sec. 11 (b) of the Assessment Act; so that the only question there could be was as to the proper amount of such assessment.

The amount actually received as interest upon the company's investment in these bonds was found by the County Court Judge to have been \$49,393.47; and that sum had been treated throughout as the proper amount.

But the company contended that a greater amount should be set off against that sum, rendering the company not liable to assessment for any sum, though its actual income from the bonds was in fact the \$49,393.47.

The bonds were purchased, under the common terms, from the Dominion: the terms were: all purchases at par; payment by instalments extending over the first 6 months of the life of the bonds; with, however, a right to pay the full price on the day fixed for payment of the first instalment, and to be allowed a dis-