

Mr. GIBSON: The indemnity is considered as being paid throughout the whole year and on the assumption that it is the only income, and the tax is worked out upon the basis of that income. However, it is actually received in less than twelve months, and consequently there have to be adjustments because deductions must be made during the period in which these payments are being made to the member. However, allowances were made for offsets for marital status, dependents and compulsory savings, the details of which had been filed with the treasury. After the total tax has been estimated, a proportionate part is deducted from each monthly payment.

Mr. ROSS (Souris): Supposing a member who was in business had a large loss? Would he have a rebate?

Mr. GIBSON: He would have a rebate coming to him in that case.

Mr. FRASER (Peterborough West): Has the Minister of Finance anything to say with regard to the payment of interest on overpayments?

Mr. ILSLEY: It is a fairly fundamental principle that the crown does not pay interest. I am not impressed with the hardship the hon. gentleman is seeking to show. It may be that the taxpayer cannot estimate his income accurately, but he can come pretty close to it. Let us say he overpays a little on March 31, June 30 and September 30, or on one or more of those dates; then he pays just that much less on December 31, because by that time I think he will know pretty well what his income is. All he has to complain about is that the government has had for a few months a little more in instalments than it was entitled to. In order to cure that, it is proposed that the government pay interest. Well, the bookkeeping, the administrative difficulty would be out of proportion to the hardship it was designed to alleviate.

Of course it may be said that he would not know his income at the end of December, that his books would not be audited for three or four months after that. I suppose that would be true in a good many businesses. But I think most taxpayers will keep pretty close to their real income and not overpay very much.

Mr. STIRLING: Then what about the other side of the picture? Suppose he underestimates and pays too little?

Mr. ILSLEY: The point there is not so much the value of the interest to the government as the salutary effect of there being interest payable, tending to keep them up to a proper estimate.

[Mr. J. A. Ross.]

Mr. STIRLING: What about the penalty?

Mr. ILSLEY: I am assuming that the only penalty would be fair interest. The act is not drafted and is not before the committee, but I would assume that we could not go much further than that. If we make the interest too low, no doubt we shall be lending a good deal of money to the taxpayers; if we made it nothing, as suggested this afternoon, we would be lending a great deal; taxpayers would be underestimating and paying up at the end of the year. So that it takes some judgment to know just what the interest or the penalty should be.

Mr. MacNICOL: Has the change in resolution 4 from March 31 to April 30 any effect in connection with the twenty per cent?

Mr. ILSLEY: It has nothing to do with it at all.

Mr. FRASER (Peterborough West): These forms T.7-B when sent in with quarterly payments sometimes come back signed by the receiving officer, at other times they come back with perhaps just one initial and a number. How should they be signed? Should they not be stamped at the office?

Mr. GIBSON: Usually there is a date stamp and the initials of the accountant who receives it.

Mr. FRASER (Peterborough West): Sometimes there is not even a date stamp; it is just marked in pencil.

Mr. GIBSON: In addition, the taxpayer gets a receipt for the amount paid. This is a record that comes back to the taxpayer and is supposed to be sent in with each payment. It shows the amount of the tax paid, and the date received is stamped on by the office and the initials of the accounting officer are put on the form. But besides that the taxpayer gets his interim receipt for the amount paid.

Mr. FRASER (Peterborough West): Would it not be more businesslike if they put a stamp on this form showing that they got the money?

Mr. GIBSON: This is not a receipt. Our receipts are serially numbered. We would not want to have two receipts for the same payment.

Mr. COLDWELL: The hon. member for Souris brought up a point which I think the minister should consider. I have thought of it, but I cannot suggest a way out. He mentioned the position of the professional and business men on the prairies particularly, who