

INTRODUCTION

Dr. Day and I have been asked to consider the desirability of substituting a Turnover Tax at the rate of 1% for the Sales Tax. Those who are in favor of such a substitution are of the opinion that the Turnover Tax would be much more productive of revenue than the Sales Tax and that in some other respects of less importance it would be more desirable.

Dr. Day and I are of the opinion - for reasons set forth in our reports - that the superior productivity of the Turnover Tax has not been proved. On the contrary we are inclined to think that a Turnover Tax of 1% would yield rather less than a Sales Tax of 5%. We have reached this conclusion by different methods. Dr. Day has estimated the probable yield of both Taxes from a hypothetical series of transactions while I have made use of German and French experiments with Turnover Taxes and the probable yield of such a Tax in Canada on the basis of the estimated value of Canadian products.

To meet the pressing demand for a larger revenue I have proposed an extension of the list of commodities liable to Sales Tax and as a last resort an increase in the rate, or the imposition of a Federal Succession Duty while, Dr. Day has advised that a commission be appointed to consider and report upon public expenditures and revenues in Canada.

J. C. Hinman