

those cars, but had simply transferred them from one side to the other, the government could not hold the tax. It is possible that some payment has been made in connection with this; I do not know. But so far as I am aware everybody was dealt with on the same basis. Now, there are the facts. I am not objecting to any action being taken. I think what I did was right, and Mr. Fielding thought I was right. If somebody else thinks I am wrong, I am not going to be at all warm about it.

Section agreed to.

On section 6—License to bona fide wholesaler or jobber.

Mr. WHITE: With respect to this clause, I have had a matter brought to my attention by a firm in my city who deal in scrap materials. It was brought before the Minister of Customs through a letter written to him on January 19, 1924, as follows:

We desire to call to your attention an unjust measure which has to do in taking out a bond in connection with sales tax.

In our business, which is the handling of scrap materials and is sold to manufacturers as raw material, there is no sales tax. We are therefore not in the position that we were last year, as we do not collect any sales tax to be turned into the department. Under the circumstances it is unreasonable for us to be put into the position of having to take out a bond, covering three months maximum business of 1923 calculated on 12 per cent, which would mean that we would have to spend about \$75 for the cost of the bond each year.

You will agree that our position is not analogous with that of the manufacturer and as our business is taxed to the limit now we believe you should withdraw the ruling making it necessary for the wholesale scrap merchant furnishing this bond.

We are placing this matter before you for your kind indulgence and we are hopeful, that you will consider the matter carefully, and we will await your reply with interest in due course.

That is from London, Ontario. In reply to that the minister wrote to Harris & Sons as follows:

I beg to acknowledge receipt of your letter of the 19th of January with reference to the bond which you are asked to furnish in connection with the sales tax.

This is a matter of legislation and parliament alone could change it. I will submit your letter to the proper authorities and see what can be done with the object of meeting the grievance of which you complain.

On January 26th the minister again wrote as follows:

With further reference to your letter of the 19th instant and to my acknowledgement of the 22nd, I regret to say that it is not possible to meet your request that the giving of a bond be waived in view of the fact that it is a statutory provision which the

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department has no power to change or modify. Parliament alone has the power to amend or repeal such provisions.

That is signed by the Minister of Customs and Excise. On May 20th, 1924, I received a letter from Harris & Sons as follows:

Since the first of the year we have been classed as a wholesaler under the new sales tax regulations and inasmuch as everything we handle is classified as raw material for re-manufacture we do not charge sales tax of any kind when selling to manufacturers or others with a license. You will therefore understand that we do not hold any moneys to be turned in to the government, as we do not collect anything. Notwithstanding this the regulations say that we must furnish a bond from a bonding company, amounting to \$7,000, which amount is arrived at by three months of our last year's sales. Although we were able to get a bonding company to furnish the necessary bond for the first three months of this year same has been cancelled, and we are not able now to furnish this bond although we have explained the fact that we do not collect any sales tax to be turned into the government and therefore the bonding company incurred no risk.

Without this bond the government refuse to grant us a license, and under this circumstance we must pay the 5 per cent sales tax ourselves on everything that we buy and import from the United States, and we feel that under present business conditions we could not remain in business if we had to work under this tax and not obtain a license.

Our bankers are willing to give the government a guarantee in our behalf but they refuse to give the bonding company this guarantee and thereby have them collect their premium without earning same.

I took the matter up with the Acting Minister of Finance and was referred to the Department of Customs and Excise. I took it up with the Minister of Customs and Excise, who wrote me on the 6th of June 1924 as follows:

I duly received yours enclosing correspondence with reference to Messrs. J. Harris & Sons.

In reply I may say that the department has no authority to waive compliance with the provisions of the statute which specifically provide that before being granted a license a wholesaler shall give a bond of security by an incorporated guarantee company authorized to do business in Canada and whose bonds are acceptable to the Dominion government, or Dominion of Canada bonds.

I return the correspondence enclosed with your letter.

I am sorry that I am not in a position to meet the request but, as you will understand, I cannot exceed the powers given by the act.

It seems to me that this is the time to make a change, if a change can be made, which will relieve this company, and other companies as well, of the hardship incurred under the provisions of the act. As they say, they are now taxed heavily enough, and the regulation referred to is one which evidently makes it even harder to carry on business. That regulation seems unnecessary, but it is evidently in conformity with the provisions of the Special War Revenue Act. I would ask the minister whether some change could not be made to afford relief in this connection. For some un-