

**PUBLIC OPINION STRONGLY SUPPORTS
THE NATION-WIDE APPEAL
FOR THE PAYMENT OF INTEREST
ON ALL REFUNDS
MADE FROM TIME TO TIME BY THE DOMINION GOVERNMENT,
AS REFLECTED IN THE EDITORIAL COLUMNS
OF THE CANADIAN PRESS**

TORONTO DAILY STAR

April 9, 1929

A PRINCIPLE OF EQUITY

When the federal treasury at Ottawa is collecting a bill for unpaid back taxes from any citizen interest for the period during which the payment has been in default is collected.

Why, then, should not the federal treasury pay interest to any citizen on money refunded to him for erroneous, wrongful, excessive or over-payment of taxes, fines or penalties?

If the federal treasury collects interest on money that is overdue it why should it not pay interest on money the refunding of which to a citizen is overdue?

Importance attaches to this question more especially in connection with the refund to automobile dealers in 1926. Those dealers overpaid excise taxes in considerable sums; the refunding of these payments was authorized, but actual payment, in some instances, long delayed. Why should this money draw interest in the public treasury yet no interest be paid the acknowledged owners of the money?

Mr. J. R. Dixon of Ottawa has published a comprehensive review of the facts relating to and the discussion throughout Canada on the subject, and it seems to us clear that there should be in Canada, as there is in the United States, a statutory provision for the payment of interest by the national treasury on funds in its possession. Mr. Dixon cites a specific case. Mr. F. X. Belliveau overpaid excise taxes on forty-three automobiles as of June 8, 1926, in the sum of \$1,350.57. For two and a half years this money was in the public treasury earning interest to the amount of \$236.35. It is Mr. Belliveau's money, to be returned to him, but the interest he does not get. The money is returnable, it does not belong to the treasury, yet the treasury retains the interest. This inequitable dealing has been abandoned at Washington and automatically, as by statute provided, interest is now paid in all such cases. It should surely be so here. And the certainty of an equitable final adjustment would do a great deal to ease relations between the business of the country and the taxing authorities.

In June of last year the Canadian Chamber of Commerce, made up of representatives of 174 boards of trade and chambers of commerce throughout Canada, adopted the following resolution.

"Resolved, that the federal government be urged to adopt the principle of the payment of interest on all moneys held by it and refundable to citizens, a course required by equity, as the government enjoys the use of such moneys pending repayment and, moreover, itself exacts interest on overdue payments on account of taxes, etc. In addition to believing in the justice of this principle the Chamber is of the opinion that its adoption would make for more prompt adjustment of the rights of business men and others by officials of the government."

There would be less likelihood of these long-drawn-out delays in making adjustments which sometimes prove very trying. There would be a strong inducement to prompt and efficient handling of such matters. On December 22, 1926, The Star said that it was understood the motor car dealers were to be paid their money with interest, and they should have been so paid. But the question is now larger than that. The public treasury should by statute undertake to pay interest, as a matter of course, on all such refunds.

THE TELEGRAPH JOURNAL AND THE SUN

St. John, N.B., April 11, 1929.

INTEREST ON REFUND

Mr. James R. Dixon of Ottawa, who was active in the successful agitation for a refund of the excise tax paid by dealers and sub-dealers in automobiles, is now out for the application of the same principle in the case of all refunds, such as duties, drawbacks, income, sales and excise taxes, cash deposits, fines, penalties, etc., to be made retroactive to April 8, 1915.

Mr. Dixon has completed a book of seventy pages covering the whole story, reviewing the correspondence in

connection with the refund to automobile dealers, quoting extensively to show that the United States recognizes the justice of paying interest on refunds, and quoting also from leading newspapers and Boards of Trade throughout Canada in support of the original appeal in the matter of automobiles. He quotes also a resolution adopted by the Canadian Chamber of Commerce, urging "that the Federal Government be urged to adopt a principle of the payment of interest on all monies held by it and refundable to citizens."

Copies of this exhaustive review have been sent to all members of Parliament and Legislatures, mayors of the principal cities and towns, boards of trade and chambers of commerce, newspapers and companies interested in transportation, finance, manufacturing and marketing. Mr. Dixon asks that the interest rate on refunds be six per cent. In supporting his general contention he points out that the Government has the use of the money wrongfully taken until such time as it is refunded, and therefore should pay interest. He would have an Act passed covering the case so that there would never be any question in regard to the justice of such claims in the future, and would have it made retroactive to 1915, because with the war began the chief taxation grievances.

L'ÉVÉNEMENT, QUEBEC, QUE.

12 Avril, 1929

JUSTICE AVEUGLE ET INEPTÉ

Lorsqu'une somme est censée due au gouvernement fédéral et que son débiteur présumé paie tradivement, les intérêts plus une surtaxe sont chargés à cet administré. Mais si le gouvernement constate qu'il y a eu erreur, le principal injustement pris est remboursé, généralement avec la surtaxe, mais les intérêts chargés ne sont pas rendus, encore moins l'intérêt courant sur ce capital gros ou petit. S'il a fallu des années pour découvrir et réparer le tort de l'Etat, ces intérêts peuvent représenter beaucoup d'argent. Exemple: Vers 1926, le gouvernement exigea d'un groupe de vendeurs d'automobiles le paiement d'une somme de plus d'un million de dollars, deux ans plus tard, Ottawa reconnut son obligation de rembourser ce montant, mais il refusa de faire remise de l'intérêt sur cette somme, il y a trois ans que cette petite iniquité dure, et l'on peut calculer quelle perte elle représente pour les victimes de cette erreur officielle. Dans l'application de la loi de l'impôt sur le revenu, de semblables erreurs arrivent souvent, au détriment de gens qui n'ont ni l'énergie ni les moyens de revendiquer. Ils subissent leur déveine en maugréant, espérant que les agents du fisc finiront par constater leur méprise, ce qui prend du temps mais finit par se produire. On s'empresse alors de réparer, dans une certaine mesure, ces erreurs évidemment involontaires. Cependant, en aucun cas, s'occuperont de verser aux victimes l'intérêt des sommes injustement retenues. Il y va de l'intérêt du gouvernement lui-même, en tant qu'institution, que cette pratique malhonnête cesse au plus tôt. Que le département de la Justice reconnaisse l'obligation de l'Etat de rembourser les intérêts sur les argents injustement retenus, et il remédiera du coup à la moitié des griefs de ce genre chez ses administrés. En effet, lorsque le gouvernement sera forcé de réparer complètement les erreurs de ses fonctionnaires, ceux-ci seront plus attentifs et plus prudents pour les prévenir, et, en cas d'accidents, plus empressés à les corriger. C'est ce que réclame l'Association des Chambres de Commerce du Canada, et il n'y a pas d'excuse pour le temps qu'on prend à se rendre à cette demande.

OTTAWA CITIZEN

April 12, 1929

INTEREST ON TAX REFUNDS

Last June a resolution was unanimously passed by the Canadian Chamber of Commerce at its third annual convention in Quebec urging upon the federal government the adoption of "the principle of payment of interest on all monies held by it and refundable to citizens."

In giving reasons for the change in the present practice, the resolution pointed out that such a course is required by equity, as the government enjoys the use of