

March 31, 1958 advances totalled \$16,173,000. Repayments are to be made in seven annual instalments starting March 31, 1961. The interest rate is 4½ per cent. The first interest instalment fell due on March 31, 1959, and has been paid.

Hon. Mr. MARTIN (*Essex East*): Do you recall the rate of interest which was demanded by Canada in regard to a proposed loan to Egypt in 1955?

Mr. SELLAR: No, sir, I would have to look that up for you.

Mr. McGregor inquired as to the date when the loan was made to nationalist China after the war. Advances were made between April, 1946 and December, 1948. The over-all total was \$52,216,000. In 1949 and 1950 repayments were made totalling \$2,790,000, so the debt is now \$49,400,000 in round figures. China made two interest payments totalling \$3,658,750.

Mr. McGregor also asked in what year the ships were sold to the Ming Sung Industrial Company Limited, or to China. Of course, in that regard, the government had nothing directly to do with the ships. What it did was to give a guarantee to the banks to secure the banks' loan to the Ming Sung company. The guarantee is dated November 13, 1946.

I have two questions in connection with income tax. Mr. Spencer wished to know if there is a breakdown of income tax revenue as between tax, interest and penalties. I made inquiries of the Department of National Revenue and they informed me their statistics are not compiled in a fashion that permits such a classification and that they do not publish any in their booklets.

Then Mr. Drysdale would like to know, if it were easily available, for the comparable years 1954-55 and up to 1958, the amount that has been uncollectable in income tax, and including corporation taxes. I think I know what Mr. Drysdale wants, and so does the department. But we have been unable, from the manner in which the statistics are prepared, to give you really what you want. At least, that is what we think. However, we will do the best we can.

Section 23 of the Financial Administration Act provides for deletions from the accounts whenever a debt is less than \$1,000 and has been outstanding for either 5 or 10 years. Deletions under the authority of that section in the past four years have totalled \$3,018,671, with \$2,957,088 representing debts by individuals and \$61,583 by corporations.

In addition, at the close of the income tax collection year for 1958, opinion was that tax accounts totalling \$10,677,420 were uncollectable. This represented 22,521 accounts. Neither a division by years nor one between corporations and individuals is available. However, only a small part will come within section 23 of the Financial Administration Act, that is, being for less than \$1,000. Nearly all of that \$10 million figure is with respect to amounts exceeding \$1,000.

Mr. DRYSDALE: Supplementary to that, do you have any idea what the major reasons are for not collecting them? For example, would it apply to companies in bankruptcy?

Mr. SELLAR: Yes, and people have disappeared, and things like that. My personal opinion is that there is a float of around \$100 million of income tax steadily outstanding. That will be due to disputes; due to bankruptcy; due to being unable to locate the individual concerned, and so on. But the income tax people get practically all of that money. When you think of the large sum that we take in, amounting to \$2½ billion a year, my own opinion, which is nothing more than a guess, is that what you would call the annual loss of the government on assessed tax—and I am not talking about tax evasion but assessed tax—is somewhere between one-twentieth and one-eighth of one per cent. That is my guess of what the bad debt record is. I cannot prove that, but am expressing my opinion.