

am interested had imposed on it a war-tax assessment commencing at a shilling on the pound, and going up to six shillings and eightpence on the pound on the whole net income, without making any allowance for interest on bonds or any provision for dividends, so that the company had to stop its dividend in order to pay \$20,000 odd at one time in the form of taxes imposed. At the same time, the Trinidad Government provided in their law that the word "person" should include a company, incorporated or unincorporated, so that it would include a partnership; and, under the extraordinary powers that all governments are now assuming, they issued an Order in Council directing the assessor to collect from partnerships as if they were individuals, and to collect from companies as a unit. You can easily see, in a progressive tax starting at a shilling and going up to six-and-eightpence, how a partnership, by splitting themselves up into two, three, four or five persons, could keep themselves down to a tax of a shilling or two shillings on the pound on income. In the case of the poor company, which consists of a lot of small shareholders receiving from \$100 up, only three or four receiving a large income, and only one receiving \$10,000, by massing the small shareholders together the lowest assessment, at that rate of six shillings and eightpence, is more than all the preceding five assessments running one, two, three shillings and so on up to the highest. You can see how unjust that is—that a man with an income of £5,000 is getting off by paying two shillings in the pound, while the little shareholders are paying their percentage of six-and-eightpence in the pound. That kind of thing cannot last, and it is highly desirable that the British Government, who are interested in that, and also in trade between the mother country and the colonies, and between the colonies themselves, should try to arrive at some understanding about that, because, after the payment of that local tax of six-and-eightpence in the pound, the balance of the dividends is subject to the Canadian tax.

Hon. Mr. DANDURAND: I realize that it is penalizing people who happen to reside in a country to which they have not sworn allegiance.

Hon. Sir JAMES LOUGHEED: Or who have invested their money outside of their own country.

Hon. Mr. DANDURAND: Yes, but I think that Canada should not follow suit.

Although the United States and Great Britain act in that way, Canada is in a totally different situation, for we are in need of capital and are inviting it into this country; and in many instances it will not come unless accompanied by people who intend to manage their own investments here. We will be penalizing those people, and thus preventing them from coming here, or chasing them out of Canada. When we are at the beginning of our development, and need foreign capital, it seems to me that Canada should have a different policy, while Great Britain and the United States can afford to apply their own views as to taxation.

Hon. Mr. BEIQUE: I understand that before the war it was the policy of the British Government to tax the incomes of residents in Great Britain, whether they were derived from investments made in England or in any foreign country, and that the policy in the United States was the reverse of that. This was because England was a lending country, while the United States was a borrowing country; but since the war the positions of those two countries have been reversed, and they have reversed their policies. I think we should take an example from England, instead of adopting the policy of the United States, because we are and shall be for a long time, I am afraid, a heavily-borrowing country. I draw the attention of the honourable leader of the Government to the very serious fact that if Americans who are holders of American securities are called upon to pay taxes on them it will very much impair the floating of Canadian securities in the United States, where we must get most of our money if we want to develop this country.

Hon. Mr. BOSTOCK: I would like to call attention to the position of the person who has his money invested in the stock of a company and derives his income from dividends on that stock. I understand that the company, first of all, pays an income tax on that stock; then a further tax is paid by the man who receives his dividends.

Hon. Sir JAMES LOUGHEED: But the owner of the dividend does not pay the normal tax.

Hon. Mr. BOSTOCK: No, that is paid by the corporation.

Hon. Sir JAMES LOUGHEED: The corporation pays the normal tax, and it is not again imposed on the owner of the