

Mr. ILSLEY: What about two income taxes, one for the province of Ontario and one for the Dominion of Canada?

Mr. BENNETT: That is perfectly simple.

Mr. ILSLEY: Both are valid.

Mr. BENNETT: Both are direct taxes. If we passed a law to exclude the exercise of that power with respect to incomes, if we changed the statute as it is being changed here, then we would no longer have authority. Will the hon. gentleman take the trouble to look at the resolution, which reads:

Section ninety-two of the British North America Act, 1867, is amended by adding thereto as clause 2A the following:—

2A. Indirect taxation within the province in respect of:

(i) retail sales,—

Mr. ILSLEY: If my right hon. friend will permit me, he is leaving out the concluding words, "in order to the raising of a revenue for provincial purposes." That does not exclude the dominion from imposing indirect taxes on retail sales in order to the raising of a revenue for dominion purposes.

Mr. BENNETT: That was the very point made by the hon. member for St. Lawrence-St. George. There is no doubt about it that the federal power could do it by any form of taxation whereas the provincial power could do it only by direct taxation. Under this amendment we say that the exclusive power to impose taxation with respect to retail sales for the purpose of raising revenue within the province rests with the provincial legislature.

Mr. ILSLEY: If my right hon. friend will permit me, he has left out a very important consideration in the words at the end of section 91.

Mr. BENNETT: Not in the slightest. The power to tax under section 91 is for the dominion for any purpose; but if the dominion sees fit, by its own act and at its own request, to grant to the province the exclusive power of indirect taxation for retail sales, then you change the constitution so as to deprive yourself of the right which you formerly enjoyed in that regard.

Mr. ILSLEY: Not in view of the words at the end of section 91.

Mr. BENNETT: I am familiar with the words at the end of section 91. We part with them and leave the statute with that much taken from it which was previously there. Section 91 has not been changed, but we by our own act have taken out of section 91 indirect taxation with respect to retail sales within the province.

[Mr. Bennett.]

To continue the argument—and I say this only in passing—what indirect taxation on retail sales is there that is not covered by direct taxation, as finally settled by the privy council? There can be only such as were mentioned this afternoon, taxes that will, if imposed by the province in the manner and form indicated, constitute with the dominion tax a complete turnover tax. But what will be the effect, having regard to the powers thus conferred upon the provinces?—because they are sovereign within their legislative jurisdiction; they can make such distinctions as they like. Let us assume, however, for the sake of argument, that they desire to place one form of taxation on sales of their own goods within their province, and then they see fit to place another form of taxation on goods that come from other parts of the world. We have not the power to limit them.

Mr. DUNNING: Have we now, if they place the tax on the consumption of goods?

Mr. BENNETT: Not on the consumption of goods; but it must be a tax paid by the consumer on the goods directly, at the time he purchases them. That is the position at the moment. I mention that only in passing, because it is important having regard to what I consider—I trust the Minister of Justice will not think this offensive—the loose way in which this resolution is drawn. There would be no difficulty if it were drawn as suggested by my colleague this afternoon; that would make it clear. But as it stands now there is a difficulty.

I go on to the next point. You have the right to taxation on retail sales, with the exceptions mentioned; then you can impose indirect taxation on the patronage of hotels, restaurants and places of amusement or entertainment. Now what indirect taxation can one conceive of on a place of amusement, when at the present time in practically every province of Canada there is imposed upon places of amusement a direct tax which is paid by every patron as he enters a theatre? What indirect taxation has any provincial premier or treasurer suggested in that respect which could be exercised, unless it be an additional tax against the earnings of the amusement hall? As the hon. member for Parkdale (Mr. Spence) pointed out, that tax would be taken regardless of profits; it would be taken whether or not there was any profit at all in the transaction. That indirect tax might conceivably be collected, in view of the statutes that have been passed, at least in Manitoba and one other province, imposing a tax upon the wages received by various persons; and coupled with the tax