

license to manufacture. Then you wait until the manufacturing process has gone on, and the manufacturer pays the tax.

Hon. Mr. GORDON: The result will be that a manufacturer of lumber cannot afford to sell to a wholesaler. Suppose his lumber is worth \$50 a thousand. He would have to pay in one case a tax of \$3 a thousand, and in the other case no tax. Therefore he could not sell to the wholesaler.

Hon. Mr. BLACK: Is it not a fact that 6 per cent must be paid in any case, and that the lumber manufacturer may assess that tax if he so desires; but if a manufacturer transforms the lumber into completed articles such as desks, chairs, etc., the purchaser need not pay the tax of 6 per cent, though the manufacturer must pay it. In other words, in this case the 6 per cent tax must be collected and paid either by the lumberman or the manufacturer. I may be quite wrong, but I think the safest plan for the lumber manufacturer is to assess the tax of 6 per cent on every sale he makes, except to manufacturers. True, he has to pay that over to the Customs authorities at the end of 30 days, but that will bring the transaction down to a cash basis, which perhaps may not be detrimental to the business interest after all. The ultimate effect of all this on the manufacturer of any line of goods in Canada is that he must sell his goods for cash and not on credit; otherwise he runs the risk of having to pay the Government tax of 6 per cent himself and of losing the 6 per cent and in some instances his original investment as well.

Hon. Mr. DANDURAND: I would point out to my honourable friend from Nipissing (Hon. Mr. Gordon) that subsections 6 and 7 cover the point which he has raised.

Hon. Mr. BLACK: May I ask the honourable leader of the Government; is it not a fact that the manufacturer of lumber or any other article can in every case assess the tax on his invoice, except where goods are intended for export, in which case of course there is no tax?

Hon. Mr. DANDURAND: If he is selling to a licensed manufacturer, there is no tax, but with that exception, he must pay it.

Hon. Mr. DONNELLY: I would like to obtain a little more information in regard to the tax on lumber. Speaking from memory, I think the old Act assessed the lumber manufacturer, and the exporter is exempt from the tax. Some of the minor officials of the Depart-

Right hon. Sir GEO. FOSTER.

ment have put on it the construction that if you sell lumber for export you are bound to collect the tax, make a return, and then ask for a refund. I think myself that this construction is wrong. Perhaps the Minister might enlighten me upon this point. I think the lumber manufactured for export, and exported, is not liable to any sales tax.

Hon. Mr. DANDURAND (reading):

For the purpose of calculating the amount of the consumption or sales tax, "sale price" shall mean the price before any amount payable in respect of the consumption or sales tax is added thereto.

The answer is in the proviso:

Provided that the consumption or sales tax specified in this section shall not be payable on goods exported;

Section 7 was agreed to.

On section 8—failure or refusal to keep books:

Hon. Mr. FOWLER: Can the Minister explain this?

Hon. Sir JAMES LOUGHEED: It is only the penalty.

Section 8 was agreed to.

Section 9 was agreed to.

On section 10—Government or provincial sales; use of postage stamps:

Hon. Mr. FOWLER: What does that mean?

Right Hon. Sir GEORGE E. FOSTER: You cannot use postage stamps for inland revenue purposes after this Bill passes.

Hon. Mr. DANDURAND: The paragraph that is struck out is subsection 3 of section 19, which reads:

3. Postage stamps of the requisite value may, in lieu of stamps prepared under subsection 1 of this section, be used in fulfilment and discharge of any requirement under this Part that adhesive stamps be affixed.

We are doing away with the postage stamp.

Hon. Mr. FOWLER: That is, you cannot pay in postage stamps?

Hon. Mr. DANDURAND: No; you have to pay in excise tax form the 1st of October next.

Hon. Mr. FOWLER: I see. It is to have it in conformity with the other Act.

Section 10 was agreed to.

On section 11—schedule I amended:

Right Hon. Sir GEORGE E. FOSTER: What is the effect of that?

Hon. Mr. DANDURAND: It strikes out the tax on confectionery and beverages.