

gouvernement en 1929, ce citoyen ne recevra que ces \$2,000 sans les intérêts. Est-il juste que le gouvernement se soit servi du capital de ce contribuable, durant dix ans, sans lui en payer les intérêts?

Personne, en effet, n'admettra, dans la vie commerciale ordinaire, qu'autrui puisse, sans un consentement explicite, se servir de son argent, sans lui payer un juste intérêt pour ce service. C'est ce principe fondamental de simple justice commerciale que le public des affaires voudrait voir appliqué par le gouvernement. A cette fin, M. James-R. Dixon, d'Ottawa, a publié un document précieux où est exposée toute la question au sujet du paiement des intérêts sur toutes les sommes remises ou à remettre par le gouvernement aux citoyens qui ont été surtaxés ou qui ont payé en taxes plus qu'ils ne l'auraient dû.

Ce document n'est que l'écho de la résolution de la troisième convention annuelle de la Chambre canadienne de commerce, tenue à Québec, en juin 1928. Cette résolution à son tour n'est que le porte-voix des diverses Chambres de commerce et des différentes associations commerciales disséminées à travers le pays.

La correction de cette situation demanderait une législation spéciale. Il ne faut pas avoir peur d'en prendre les moyens. Ce serait une simple mesure de justice.

CALGARY ALBERTAN

April 17, 1929

INTEREST ON TAX REFUNDS

When the Canadian Chamber of Commerce last June urged the Dominion Government to adopt "the principle of payment of interest on all monies held by it and refundable to citizens" it submitted, among its arguments that the Government itself did not hesitate to charge interest on overdue taxes, etc., that the Government had had the use of the excess so paid and that it was only fair that it should pay for the use of these funds. To which, of course, might have been added, if it was not, that the over-charged taxpayer had been "out" a corresponding sum for a corresponding time and that he consequently was also "out" the interest or other earnings which might have accrued to him had he had that money.

In a voluminous brief compiled by Mr. J. R. Dixon of Ottawa, the case for the payment of interest on refunds of taxes is very clearly set forth. He it was who was so closely identified with securing the refund of luxury taxes paid by automobile dealers collected when the tax, with such astonishing swiftness, was abolished.

His case, while made out primarily in behalf of the automobile dealers, is incidentally the case for all payers of taxes and is sufficiently convincing to merit the very careful consideration of Parliament. His recommendation is simply this: That interest at the rate of 6 per cent. per annum should be allowed, retroactive to April, 1915, on money refunded to taxpayers—the date mentioned being that when the Special War Revenue Act went into effect.

The request seems reasonable enough. In the first place, nothing more than simple interest—not compound is asked. Moreover, the rate of 6 per cent. is lower than the taxpayer would have to pay to replace the money of the use of which he had been thus deprived, and as a precedent for the payment of interest on refunds of this kind he cites the United States where it is already the practice.

THE EXAMINER, PETERBOROUGH, ONT.

April 17, 1929

The appeal prepared by James R. Dixon of Ottawa, urging the payment of interest on all refunds made from time to time by the Dominion Government, while designed primarily to secure this right for automotive dealers who suffered as a result of sales tax charges, is so manifestly based on common sense and common fairness that it will be difficult to refuse it.

The principle of Governments paying interest on all moneys held by them and refundable to citizens has long since been adopted by the United States, and there seems no logical reason why it should not apply to Canadian practice.

It is surely evident that, as was pointed out several years ago by Right Honourable Arthur Meighen, that where there is a claim for principle there is an equally strong claim for interest.

If the Government believes it fair to refund money that it has no right to hold, there is no reason why it should not pay the interest that accrued on that money, it does not belong to anybody, surely, but to the rightful owners of the sums that had been withheld.

THE GAZETTE, MONTREAL

April 18, 1929

THE GOVERNMENT AS A DEBTOR

An appeal is being made to the Government, and to Parliament, for the adoption of a principle under which the State, when in debt to an individual or corporation, will discharge its indebtedness fully and fairly. That principle is now lacking in the Government's dealings with certain classes of creditors. It was lacking for a long time in the treatment of the automobile trade after the removal of the luxury tax on automobiles, and some of that old injustice still remains. The agitation for fair treatment of the automobile trade in respect of refunds and interest thereon has broadened so as to include all monies refunded

by the Government from time to time since April 8, 1915, when the Special War Revenue Act became operative, in respect of customs duties, drawbacks, income tax, sales tax, excise tax, cash deposits, fines, penalties, etc. What is asked is that the Government pay simple interest at six per cent. on all monies received from the public in excess of the amounts which the treasury is entitled to retain. For example, one of the many objections to the income tax is the "heads-I-win-tails-you-lose" attitude of the Government toward the taxpayer. If the latter makes an insufficient payment to the Government, however innocently, and even upon the information given him by an official of the Government, he is called upon in a very peremptory way for the balance—with interest. But when the taxpayer, as not infrequently happens, overpays his income tax through some error in computation, the Government, in its own good time, refunds the balance due him—but without one cent of interest. What is sauce for the goose in this matter of income tax refunds or collections, is not sauce for the gander, and yet it is an old and honored axiom that a rule which will not work both ways is a poor one.

This condition continues despite the fact that the principle of repayment with interest has been acknowledged by Parliament, the fault is in the failure of the Government and Parliament to apply the principle generally. It is a condition for which departmental officials cannot be held responsible, since they must take the laws as they find them. The most well-meaning official in the service cannot administer an unjust law justly, and the result is that the Government has the use of what must be in the aggregate a very large sum of money, and pays nothing for it. In the case of the income tax payer the case is peculiarly inequitable in that the individual is held responsible for his own assessment, although the impost is a highly complicated one and, in some of its aspects, passes all understanding. To penalize the taxpayer for a mistake committed in these circumstances is very much like adding insult to injury, or injury to insult and yet he is penalized whether he pays the Government, too much or too little. If he underpays, he is called upon to send in the balance with interest, and if he overpays he is forced to give the Government the free use of the excess sum until such time as the Government feels disposed to return it. The victims of this practice are the people who pay their income tax, not those who evade it, and the whole situation is about as unjust and as mischievous as it can possibly be—mischievous, because injustice must inevitably beget contempt for the law and indifference toward its successful administration.

If the Government and Parliament care to go to the United States for an example they will find that interest payments upon refunds made to the taxpayers are guaranteed by statute, and are paid. Six per cent. interest on income tax refunds in the United States has run into a large sum, since one refund alone in 1928 amounted to \$15,000,000. The claims are settled fully as a matter of justice, but the United States Treasury does not overlook the fact that fair treatment of the taxpayer is a good thing for the State. The American income tax refunds, credits and abatements, since the tax was first imposed have been estimated at the huge sum of \$2,614,896,000, including interest at six per cent. No such amount is involved in this country, but when all the claims covered in the present appeal are included, the sum will be found to be a very considerable one. The principal is, of course not involved, since the bulk of it has been repaid, but the unpaid interest, dating back to 1915, will run into fairly large figures. If those figures seem formidable from the standpoint of the Dominion Treasury, they are no less so from the standpoint of the public whose money has been used by the Government without compensation. The amount, however large or small, represents the difference between fair and unfair treatment of the taxpayer by the Government. If the money is due it ought to be paid, and upon grounds of ordinary equity it certainly is due.

LA PATRIE, MONTREAL, P.Q.

April 18, 1929

UNE MESURE DE JUSTICE

Lorsque l'hon. Fernand Rinfret vient de conseiller à un groupe de nos concitoyens qui ont une réclamation à faire valoir auprès de l'administration fédérale de se confier au sens de justice du gouvernement, le moment semble propice pour obtenir le redressement d'un état de choses qui a toujours existé dans les rapports entre l'Etat et ses administrés et qui n'est pas conforme au principe de la justice. L'occasion de ce redressement s'ouvrira incessamment. En effet, ceux qui ont dû soutenir une lutte de plusieurs années pour faire rembourser aux marchands d'automobiles la taxe de luxe qu'ils avaient payée par anticipation et que le gouvernement avait abolie, et recommencer une pareille lutte pour obtenir que cette taxe fût remboursée avec intérêt, se proposent de réclamer du gouvernement une loi par laquelle sera décrétée d'application générale le principe que les marchands d'automobiles ont si laborieusement réussi à faire reconnaître. En deux mots, on va demander au gouvernement de poser une règle statutaire suivant laquelle tous les remboursements qu'il sera dans l'obligation de faire seront invariablement effectués avec intérêt, que l'on suggère de calculer au taux de six pour cent, intérêt simple.

Le gouvernement, lorsqu'il apparaît comme créancier, ne néglige jamais de prélever l'intérêt, souvent aggravé de pénalités lorsqu'il s'agit des impôts. Il est si méticu-