

the requirement of the law, that sales tax be paid on his purchases of fully manufactured goods for resale is completely negated. Examination of the Auditor General reveals that there is no loss of revenue, and the Department is of the opinion that this practice is less cumbersome and cheaper than if they adhered strictly to the letter of the law.

Your Committee is of the opinion that this is a matter where an amendment to Section 30 of the Excise Tax Act should be sought.

Paragraph 150. Remissions granted by the Governor in Council under Section 22 of the Financial Administration Act.

Section 22 (1) of the Financial Administration Act provides that:

The Governor in Council, on the recommendation of the Treasury Board, whenever he considers it in the public interest, may remit any tax fee or penalty.

and subsection (8) requires that:

A statement of each remission of one thousand dollars or more granted under this section shall be reported to the House of Commons in the Public Accounts.

The totals of the remissions with respect to this Division of the Department of National Revenue in each of the last five years are as follows:

1963-64	\$12,518,000.
1964-65	40,520,000.
1965-66	34,826,000.
1966-67	30,134,000.
1967-68	29,506,000.

while the largest group remissions in terms of numbers involves goods or equipment imported into Canada on a temporary basis, in 1967-68 amounting to \$12.7 million.

Sixty-seven remissions granted during the year totalling \$627,000 have been included in Public Accounts under the following narrative:

Remissions of taxes imposed under the Excise Tax Act in cases where, on the basis of expert opinion, it is considered that litigation would not be expedient.

Your Committee recommends that remissions of a continuing nature should be revoked once they have served their purpose and not be left available for the benefit of future individual cases which might happen to qualify under them. It further recommends that all unrevoked remissions of a continuing nature be reported in the Public Accounts annually.

Paragraph 152. Smuggling by customs officers.

In April 1966, the Department of National Revenue employed a man to serve as a customs officer at one of the border ports, and this man commenced his duties before character references were sought. Within several weeks of his commencing work, character references were received by the Department, indicating that this man had been given two suspended sentences, one for theft and one for false pretences. Notwithstanding this information, the Department did not remove this person from the position of trust in which he had been placed.

During the summer of 1967, the Department of National Revenue found it necessary to carry out an investigation at this port of entry, which indicated that this officer and another officer together with the manager of a duty-free