

THE CIVILIAN

VOL. X.

AUGUST 3, 1917.

No. 8

The Income Crisis.

If certain inquiries now being made result in a favorable report, and the Service at large signifies its desire for action, the Morson income tax case will be carried to the British Privy Council at the expense of the Civil Service of Canada.

A special meeting of the Executive of the Ottawa Association was held on July 27th. The progress of the case was discussed and a sub-committee appointed to obtain further information and report.

The appeal will cost several thousand dollars and all Civil Service organizations in Canada whose members are affected by such municipal taxes will be asked to contribute if the case goes on. As soon as preliminaries are arranged, the officers of the Ottawa Association and of the Federation will issue a statement to the respective memberships.

At this juncture a review of the controversy up to date will be of value.

Forty Years of Litigation.

The Leprohon case, which was the *cause celebre* heretofore in Ontario, was an appeal by J. P. Leprohon, principal clerk of committees in the House of Commons (afterwards assistant clerk of the House), against the assessment of his income by the city of Ottawa. It arose in 1877 and was carried to the Ontario Court of Appeals, which decided in Leprohon's favor.

That judgment stood as the law of the land for thirty years, and about fifteen cases that were tried during that period resulted the same way.

The next development was an Australian case—Webb vs. Outram—which was carried to the British Privy Council and there ended in a judgment in favor of the assessing corporation. The Australian appellant was not satisfied and there was a movement on foot to have a re-trial when the Commonwealth Government passed an enabling Act, which placed the power of income taxation in the hands of the municipalities beyond any further question.

The Abbott Case.

The city of St. John, N.B., then taxed Civil Service salaries, and a Customs officer named Abbott carried an appeal to the Supreme Court of the province. That body followed the Australian decision, reversed its own former finding and gave judgment against Abbott. Abbott went to the Supreme Court of Canada and lost again. Justices Davies, Idington, Duff and MacLennan gave a majority finding in favor of the city of St. John. Mr. Justice Girouard dissented from the opinion of his colleagues, and, in his finding, pointed out that the constitutions of Canada and Australia are not alike in important details affecting such matters as this, and that, in his opinion, the Australian case was not a reliable precedent for a Canadian court to follow. Also, the decision in Leprohon vs. Ottawa, having stood as law for thirty years, was not one that should be reversed on any judgment except one on an exactly parallel case.