

being taken by the state; and once he recognizes that the duty is cast upon him of doing the particular acts referred to in the law, he becomes more or less familiar with those duties, and he complies very much more willingly in paying the tax than if he were to be notified by the Crown, and if that duty were confined exclusively to the Crown. I think there is a measure of psychology in the law which will appeal to most of us; if we rely upon somebody else setting us in motion, we are very loth to take any step in that direction until we are set in motion by the outside forces.

Hon. Mr. THOMPSON: I think probably the penalty appeals to people more than the psychology.

Hon. Sir JAMES LOUGHEED: Well, both may be said to be an encouragement to the performance of public duty. However the experience of the Finance Department has been most satisfactory of late in the matter of the collection of the tax, and it seems to me that the legislation embodied in this Bill is in the right direction.

Hon. Mr. FOWLER: There is one feature that I do not like. Supposing a man is ill and unable to make up an income tax return, no provision is made for that. The section says:

Every person failing to deliver a return pursuant to the provisions of subsection 1 hereof within the time limited.

Hon. W. B. ROSS: Put such a provision in, and we will all get sick.

Hon. Sir JAMES LOUGHEED: The illness would become a public contagion.

Hon. Mr. FOWLER: The party would have to show that there were good reasons for his not being able to make up a return at the time. A man might be taken ill, and remain ill for two or three weeks, and thus be behind time and liable to this fine. Surely he ought to be excused.

Hon. Sir JAMES LOUGHEED: I would point this out, that where a fine on a five per cent basis would amount to a very substantial sum, such an individual would have a staff to look after so important a matter as his income, and his business would go on notwithstanding his illness.

Hon. Mr. FOWLER: But he may not be a business man; he may not have a staff.

Hon. Sir JAMES LOUGHEED: If he has a sufficiently large income to suffer by reason of the imposition of the tax, I should say he would have a clerical staff or some-

body looking after his business in the event of his illness; and, where a taxpayer is paying a comparatively small income the tax is not very large. Furthermore, in a case where it would be obvious that a gross injustice was being done, the Governor in Council invariably intervenes to assist. I have known that to occur.

Hon. Mr. DAVID: Will the honourable leader explain to me the latter part of section 1:

Shall be liable to a penalty of \$10 for each day in default; provided, however, that such penalties shall not in any case exceed \$50.

How can it be said that they will not exceed \$50?

Hon. Sir JAMES LOUGHEED: \$10 a day for every day of default in not making the return provided for in subsection 6; then the five per cent would come in with regard to the whole of his income.

Hon. Mr. ROCHE: I do not know what system of psychology the Minister has studied, but in my limited experience I have never yet found anybody who experienced pleasure in paying taxes. I know of a great many people who use certain expressions about taxes which are not in the Book of Homilies—I do not know whether the Minister has ever studied that very much.

Hon. Sir JAMES LOUGHEED: May I be permitted to say that I did not dilate on the pleasure of paying taxes, but rather referred to the duty of paying them.

Hon. Mr. ROCHE: Well, I never found a person yet who felt very much agitated by a desire to pay, as a question of duty. I may say the majority of people I have come in contact with have expressed detestation at the way in which the taxes are placed, and the difficulty of finding out expressly what is meant by the taxes. A good many people, those who have to keep books and others, have been very much puzzled over their inability to determine as between gross profits and net profits, and what should be included in the net profits and what should be left out in the gross profits. There is a wide divergency in the estimation of profits by all people in business, and I find very few who feel competent to make up an accurate return, even if they wish to do so, from the fact that there is a good deal of ambiguity in the law; that is, it deducts, and it increases, and it comes back again and surtaxes; and then, in addition to that, there is a supertax, and all that. But the main