

Special War Revenue Act

Mr. CAMPBELL: And so he does; the man who issues the cheque puts the stamp on and deducts it from the bill.

Mr. ROBB: He has no right to do so.

Mr. BROWN: The minister will remember that two years ago the Minister of Finance (Mr. Fielding) made the statement that the government did not care who paid the tax so long as it was paid.

Mr. ROBB: But I am pointing out the law as it is. My hon. friend introduced the question of the dairy industry in relation to milk cheques. I am told that in western Canada there is a system of doing business whereby they are paid daily as the produce is sent in. I have been listening to and reading the debates that have taken place and I notice that some hon. gentlemen have particularly emphasized the fact that a direct tax is the proper sort of tax to be imposed. Now, this is a direct tax. They emphasize this also, which is the fact, that any tax should be equitable. Let us take that part of the dairying industry which sends its product to the dairy factories. In the three western provinces the business last year was about twelve million dollars; in eastern Canada it was eighty-two million dollars. Now, the people who were doing the eighty-two million dollars' worth of business paid the tax on the cheques they sent to their patrons; the other people did not pay it. I ask hon. gentlemen, is that an equitable tax all over Canada? All we are trying to do is to make this tax not merely applicable to the dairy business but to every business—in a word, to make it equitable all over the Dominion. We have discovered that not only in the dairy and grain business, but also in the lumber business and the machinery business methods have been devised of evading the tax, so we are tightening it up now in order that everyone liable will have to pay. As my hon. friend said a moment ago, most of this business is for amounts under five dollars, and the amendment which I propose will release cheques up to that amount; but we want to make it equitable, therefore we are releasing payment of stamps on these small cheques to everyone throughout Canada.

Mr. CAMPBELL: I have a good deal of sympathy with the minister, and agree with the most of what he has said. Undoubtedly we must have revenue. But I do not agree with him when he describes this as equitable. The inequity is the very thing we are protesting against; we say that it is not equitable. Let me take a concrete case. A cheque for \$20,000 would bear a fifty-cent stamp, but ten

[Mr. Robb.]

cheques of five dollars each would bear a tax of twenty cents. It is the very inequity of this that we are protesting against. I think the minister could straighten it out a little better if he would raise the \$2,500 minimum to \$25,000, or something like that, and then I think there would be little complaint from the men who pay on the small cheques.

Mr. LEWIS: Mr. Chairman, I am pleased that the Acting Minister of Finance has acquiesced in the judgment expressed by the western members to even the extent of five dollars in the interests of the primary producers. This tax would have been a serious matter to many of our farmers in the west who to a large extent depend for their living on dairy products, and I am sure they will be glad that the extra burden has been so justly removed. But I also agree with my colleague from Mackenzie (Mr. Campbell) that the minister should go a step further and raise the minimum to \$10, which I am sure would earn him the gratitude of the western producers.

Mr. ROBB: But we would lose a lot of revenue, and this we cannot afford to lose, for we have to provide for interest on the national debt, for pensions, and for carrying on the affairs of the country. If I open the door and raise the minimum to \$10 for the dairy men, I have to open it for all others. I submit that the country cannot afford to lose the revenue.

Mr. CAMPBELL: Leave the minimum just as it is at \$5, but raise the maximum to \$25,000, then you will get some revenue.

Mr. GARLAND (Bow River): Get some revenue from the larger cheques; don't lose them.

Mr. ROBB: That change was made not with the view of relieving anybody, but to secure additional revenue. We found that a lot of business along the international boundary line which should have been done through Canadian banks was, on account of this higher tax, going to the United States banks across the border. It was to bring that business back that we made the maximum \$2,500.

Mr. BOYS: The minister says that raising the minimum to \$10 would involve a very considerable loss of revenue. Unless he can show us that such a loss would ensue, I would be inclined to support the suggestion to increase the minimum to \$10, for it is most annoying to have to put a two-cent stamp on small receipts and cheques. Personally I do not think there would be any serious loss. To-day these small amounts are very often paid in cash; I think it is desirable to encourage people to pay by cheque, and so avoid the