

In *The Attorney General of Quebec v. The Queen Insurance Co.*, 3 App. Cas. 1090, a stamp duty imposed on policies and renewal receipts issued by insurance companies, varying with the amount of the premium, was held to be an indirect tax. The Act purported to impose the tax in question as a licence, but the Privy Council held that in substance it amounted simply to an Act imposing a stamp duty, and stamp duties were held to come under the head of indirect taxation. On the same principle a stamp duty on exhibits in legal proceedings was held invalid (*Attorney-General of Quebec v. Reid*, 10 App. Cas. 141, already referred to.) In *Bank of Toronto v. Lambe*, 57 L. T. N. s. 377, the tax in question was one imposed on Banks and Insurance Companies doing business in the Province of Quebec, varying with the amount of paid-up capital, and an additional sum for each office or place of business. This was held to be a direct tax, for the reasons that it was demanded directly from the persons intended to pay it; that it was not a tax on any commodity the banks and insurance companies dealt in, and could sell at an enhanced price to their customers, and it was not a tax on their profits, nor on their several transactions, but was a direct lump sum assessed by simple reference to the amount of paid-up capital and the number of places of business; and, though it might happen that the banks or insurance companies might find some way of recouping themselves out of their customers, yet the process of doing so would be necessarily circuitous, and the amount of recoupment could not bear any direct relation to the amount of the tax paid. Moreover, their Lordships held that the Act in question was no interference with the regulation of trade and commerce, and therefore no infringement of the powers of the Dominion Parliament. And although it was admitted by the Privy Council that the powers given to the Local Legislatures by s. 92, ss. 2, were literally in conflict with s. 91, ss. 3, which empowers the Dominion Parliament to make laws for "The raising of money by any mode or system of taxation," yet their Lordships re-affirmed the opinion expressed in *The Citizens' Insurance Co. v. Parsons*, 7 App. Cas. 96, that the general powers given by s. 91, ss. 3, could not be held to override the specific power conferred by s. 92, ss. 2, but on the contrary, as regards direct taxation within the Province to raise revenue for provincial purposes, that is a subject which falls wholly (and we presume by this is meant "exclusively") within the jurisdiction of the Local Legislatures.

This is a subject which, as time goes on, will likely become of importance here. So far, we have in this Province been free from the necessity of resorting to direct taxation, but with the large expenditure for Parliament Buildings and the necessarily diminishing revenue to be derived from our Crown Lands, the day is probably not very far distant when the Dominion subsidy will have to be supplemented by a resort to the powers to impose direct taxes.