

*Special War Revenue Act*

Mr. DUNNING: If the contract is a bona fide one, entered into before the first of May, for completion or delivery after the first of May, the amendment covers it.

Mr. ISNOR: The general contract would have been entered into before May first, but the subcontracts have not been let in all cases.

Mr. DUNNING: I am not sure of that.

Mr. CAHAN: Am I right in construing this amendment to mean that the additional two per cent must be paid in any event, either by the vendor if he is liable under his contract, or, if not, then by the vendee?

Mr. DUNNING: Yes.

Mr. CAHAN: That is the idea?

Mr. DUNNING: Yes.

Mr. CAHAN: It assumes that any contract of sale will be made in view at the least of the present six per cent sales tax, and the only doubt that might remain is with regard to the additional two per cent. In certain cases, under this resolution, that additional tax must be paid by the vendor, but in all other cases it must be paid by the vendee. It is to safeguard the collection of that additional two per cent, in any event?

Mr. DUNNING: That is it. There is just a point in connection with the question of the hon. member for Halifax (Mr. Isnor), who mentioned the case of a subcontract which was not entered into prior to the first of May. I am told that if the subcontract was entered into after the first of May, obviously the contracting parties would take cognizance of the fact that the eight per cent sales tax applied at that time. I cannot make any answer other than that.

Mr. BENNETT: There is another set of circumstances that I think must be considered, such as the class of case that was dealt with by the government of which the hon. gentleman was a member in connection with Mr. Dixon and the merchants, which my hon. friend may recall. A number of purchasers of automobiles in Calgary and other western cities made contracts for delivery as soon as possible. The automobiles were loaded on cars and were actually in transit on their way west at the time the act came into force. The contracts were made on the basis of the payment of six per cent. Are they to be liable for six per cent or eight per cent? It would seem to me that the general principle acted upon by governments heretofore has been to hold them

[Mr. Isnor.]

liable for six per cent only. Hon. members will recall that on a former occasion we voted a large sum of money, on what I conceived to be very doubtful grounds, for the purpose of reimbursing those who had been dealt with harshly by a sudden and unexpected change in the sales tax. What I have in mind is goods that had left the factories and were moving towards destination. I understand that under its terms the contract was complete; delivery was made when the goods were put on the cars; they are then at the risk of the purchaser, no longer at the risk of the vendor, and in the contract the sales tax to be paid was at the rate of six per cent. That is the whole basis of the contract. Is the rate now to be eight per cent in respect of these particular goods? It is a matter of much importance to many people who have to depend upon the movement of traffic taking eight or ten days. I know the minister has received a considerable number of communications with respect to matters of this kind; copies of them have been sent to me.

Mr. DUNNING: I hope not all of them.

Mr. BENNETT: No, I should think not all of them; it would be an entire misconception of my duties if they were. At any rate I think they have a fairly sound case, in view of what was done on a previous occasion by the government of which the hon. gentleman was minister of finance, when we voted a very large amount, I forget how much, to reimburse those who had paid a sum in excess of that mentioned in the contract that they had made with their vendor.

Mr. DUNNING: It was the luxury tax—a slightly different matter.

Mr. BENNETT: Well, a tax that was changed suddenly. The two have this feature in common, that they involve consideration of a contract made between a vendor and a purchaser under which a given tax was to be paid. It does appear to be rather difficult to say that because certain purchasers live at some little distance and cannot get their goods for ten days or so from time of shipment, those who live nearer to the point of shipment and got their goods the night before May 1 will be protected, whereas those who are in Vancouver, Calgary, Edmonton, Saskatoon, Regina, or west of the lakes, Winnipeg, will have to pay an additional two per cent, although the contract was executed and the liability for the purchase price complete. They are bound to accept the draft with bill of lading attached, because the goods are at their risk from the time they are put on the cars.