

The present mode of assessing and collecting the income and property tax, and whether any other mode of collecting the same, so as to render the tax more equitable, can be adopted.

In 1904 a committee was appointed and charged with several duties, the first of which was "the prevention of fraud and evasion," and frequently in this century the prevention of evasion has been considered by select committees, and in 1919 by a royal commission on the income tax.

These references are sufficient to show that throughout the period income tax has been collected in Great Britain, one of the greatest concerns of parliament has been to undertake that evasion shall cease. An inherent regard for justice and fair play impels the British government to see to it that all those liable to tax under the various schedules used in that country shall be obliged to pay. In Britain an income tax devoid of equity and justice to taxpayers would be intolerable. They do not leave it to chance. Collection is made at the source. A recent writer says:

The salvation of the British income tax is its intelligent and efficient administration.

And again:

It makes the collection of income tax a practical certainty. . . . It prevents fraud, evasion and carelessness. . . . It makes honesty the best policy. The tax is collected at the time the income is received by the person who bears the tax. There is no possibility that the recipient may spend it and then later be unable to pay his tax.

The British system is not perfect; it has glaring disadvantages, but it does get the money that under the law the state is entitled to collect. In Canada, evasion is commonly practised, and to secure a specified sum, say fifty or sixty millions, the total rates of taxation on personal incomes are needlessly high. Our system, as it is presently administered, encourages deception and fraud. Evasion is easy to all who desire to take advantage of it except the salaried classes, and shareholders, and investors in registered securities. The provinces of Canada found that the enactment of prohibitory legislation did not necessarily have the effect of bringing about prohibition.

The point I am trying to make, Mr. Speaker, is that throughout the one hundred and five years that Great Britain has had the income tax, there has been a constant and persistent effort to stop evasion as well as an unfair levying of the tax. Where this is not done the tax is unfairly burdensome on those who pay it. Canada has had the income tax ten years. We have not begun, or are only beginning, to consider methods leading to proper application. The income tax has

been paid by those whose income has been easily ascertainable, plus taxable persons who have been honest and conscientious enough to put in a complete return.

The American system, known as reporting, is partially adopted here. But Canadian reporting is confined mostly to the man on salary, the shareholder, who is the victim of double taxation, and in general to persons of fixed income. As for the rest, evasion is easy, and in my opinion, much too general.

May I be permitted to support my contentions by brief references? I am referring to personal—not business—income tax. In the year ended March 31st, 1926-27, the total amount of personal income tax collected was \$18,409,234. This total includes over a million dollars from personal and family corporations.

It seems to me futile, Mr. Speaker, to argue that any one class of citizens cannot pay income tax. The statute respecting personal incomes does not primarily deal with classes or avocations; it deals with individuals. No one is required by law to pay unless he is assessable under the act. What we should demand, however, is that returns from all persons should be filed, and the proper authorities will then determine whether an assessment is to be made, or not. Canada should receive the revenue it is entitled to collect from those whose incomes are taxable, whether the assessed be a professional man, a manufacturer, an employee, an agrarian, or any one else liable to assessment.

Out of a population of nine million people, only 116,029 individuals paid income taxes in 1927. Of this number 109,008 persons paid a tax of \$4,270,407.92, and 7,021 persons, with incomes of \$10,000 or more, paid \$14,138,826.46. That is to say, 0.08 of one per cent of our population paid 76.80 per cent of our total individual income tax, and 1.24 per cent of our population paid 23.2 per cent of the total individual income tax. That is, the total individual income tax of Canada was paid by 1.32 per cent of our population. The remaining 98.68 per cent of Canada's population paid no income tax whatever.

Now, Mr. Speaker, who in this parliament, or in this country, believes that only 116,029 persons in this broad Dominion come within the provisions of the Income War Tax Act? Nobody. I should like the Minister of National Revenue (Mr. Euler) at a future date to tell the house how many persons filed income tax returns last year. Every person from whom a return has been demanded and who has not filed one has violated the act, and is liable to a penalty.

The secretary of the treasury of the United States in his annual report on the state of the