

Hon. Mr. GORDON: Even if I am figuring on the basis of the minimum values in each case, does my honourable friend think it is fair that although there is a tax of only 5 cents on the sale of one share of Sun Life stock, valued at around \$2,400, there is a tax of \$2.50 on the sale of \$1,000 worth of stocks made up of 1,000 shares valued at \$1 per share?

Hon. Mr. BELCOURT: Is this very different from requiring a two-cent stamp to be placed on a \$15 cheque as well as on a cheque for \$1,000, \$2,000, or \$3,000?

Hon. Mr. GORDON: It is quite different. That is a real stamp tax. This purported to be a stamp tax in the first instance, but by the amendments of last year and this year, the bulk of the tax, I claim, is really a property tax. We are getting away altogether from the stamp tax.

The late Minister of Finance, in discussing this subject last year, made a comparison. If I remember correctly, he said that his friend the Leader of the Opposition might send a cheque for \$100,000 to Calgary and that he would have to put on it only a two-cent stamp, while he, the Minister of Finance, if he sent a cheque for \$10 to Valleyfield, would have to pay just as much. That is a real stamp tax. But in that tax you are paying for service received. In this tax you are not paying for any service. In the first instance this was supposed to be a stamp tax for revenue purposes; but it is no longer a real stamp tax, and I claim that it constitutes an invasion of the prerogative of the provinces.

Section 1 was agreed to.

Sections 2 to 5, inclusive, were agreed to.

On section 6—when section 3 comes into force:

Hon. Mr. DONNELLY: Section 6 is retroactive. It states:

Section three of this Act shall be deemed to have come into force on the first day of February, 1928.

Upon turning to section 3 of the Bill I find that it imposes the obligation of making monthly returns. I should like to know why that section should be retroactive. If a man has failed to make a return during the past three years, not being legally required to do so, why should he be compelled to do so now?

Hon. Mr. DANDURAND: From reading the explanatory note I should judge that this is but a declaratory enactment, because the section is intended to remove any doubt as to the state of the law.

Hon. Mr. BARNARD: What doubt exists?

Hon. Mr. DANDURAND: There was an omission in the printing of the Revised Statutes.

Hon. Mr. BARNARD: What was it?

Hon. Mr. DANDURAND: There was provision against the taxpayer who did not make his return in time, but that part of the Act was dropped in the revision. The Department has continued to make collections and has paid no attention to the omission in the Revised Statutes.

Hon. Mr. WILLOUGHBY: But you have imposed a penalty for default. It is very unusual to make such legislation retroactive.

Hon. Mr. DANDURAND: The change does not bear on the default. This is a re-enactment of the same section, except that it is made to apply to Parts XI and XII.

Hon. Mr. WILLOUGHBY: It is not clear to me.

Hon. Mr. DANDURAND: Has my honourable friend read the explanatory note to section 3? It is:

The amendment re-enacts section 106 of the Act as in the Revised Statutes of 1927, but makes it apply to Parts XI and XII as well as to Part XIII. The taxes imposed by Parts XI, XII and XIII (Manufacturers' or Gallonage Tax, Excise Tax on Playing Cards and Wines, and Consumption or Sales Tax), were formerly all included in Part IV of the Act and the section as originally enacted by chapter 69 of the Statutes of 1927, section 4, reads:—"Every person liable for taxes under Part IV of this Act. . . .". In the Revised Statutes of 1927, the Manufacturers' or Gallonage Tax was placed by itself in Part XI, the Excise Tax on Playing Cards and Wines in Part XII, and the Consumption or Sales Tax in Part XIII, but section 106 was re-enacted to refer only to the tax imposed by Part XIII. The Revised Statutes are intended only to codify the existing law and the amendment is designed to make it clear that the penalties apply to all three taxes.

Hon. Mr. WILLOUGHBY: I say it is a bad principle to make penalties retroactive.

Hon. Mr. DANDURAND: There will be no arrears collected under this enactment, but there will be no refunding.

Hon. Mr. WILLOUGHBY: That will be different.

Hon. Mr. BARNARD: That is to say, the Department collected penalties they should not have collected, and these will not be refunded.

Hon. Mr. DANDURAND: It has collected penalties under an Act which embodied the