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### TAXATION AND ITS COLLECTION.

The Toronto Bureau of Research recently sent out a Bulletin giving four test questions relating to the desirability of any mode of business taxation, together with answers given by the President of the Ontario Municipal Association at the annual convention.

The questions were as follows:—

1. Is it equitable, i.e. capable of being levied with fairness?
2. Is it convenient to collect?
3. Can it be collected economically?
4. Is it conducive to the public benefit?

This is the way they were answered by the President of the Ontario Municipal Association:

1. "Equality means fairness in levying taxation, so that one citizen may not be called upon to sacrifice more than another, or may not be called upon to pay more for a certain service than another does. The business tax is not levied according to whether the individual is or is not able to pay it. It is not levied according to whether the property receives public benefit or not. It is levied if the property is put to good use, and is not levied when the property remains idle. In other words, men pay when they use property, and are exempt, to a certain extent, from taxation when they simply hold property.

2. "It is not a convenient tax to collect. It is especially difficult of assessment upon the right parties in great buildings that are divided up into many sections or offices, each of which must pay a tax according to the kind of business he carries on, and proportionate to the part of the value of the building, which his occupancy is supposed to cover, a very difficult thing, sometimes, to find out. Assessors in cities have more trouble in this way than with any other part of their work.

3. "It is not an economical tax to collect. In the City of Toronto, the business tax is the hardest, and therefore the most expensive, to collect. This is intensified when an assessment made one year is the basis of the tax rate in the following year. When the tax collecting time comes, another person, who was not assessed for a business tax, may be occupant of the premises, and this tax goes upon the individual, not the property. If a man gives up a business he often applies for remission of his tax, and the municipality loses it. It is very unsatisfactory in all its details.

4. "It is not conducive to public benefit, inasmuch as it encourages the disuse of property, which always injures a community, and retards its development; and it discourages the use of property, which benefits a community and promotes its development.

"The person who holds vacant land pays taxes upon the simple assessed value of the land. The one who has a shop or factory is assessed for the value of his land and building, and then is assessed, in addition, for the business he carries on. A block of bare land, worth \$100,000, pays taxes on \$100,000. A factory which, with the ground it stands on, is worth \$100,000, pays taxes on \$160,000. This extra tax is not a "square deal."

If a man holds a \$10,000 property idle, so that it does nothing to build up the city, he pays taxes on \$10,000. If he uses it as a retail store, so as to help the community, he pays taxes on \$12,500. The enterprising and useful citizen pays a business tax which the land speculator escapes. It is an injustice, and it ought to be wiped out.

How the first question was answered by a citizen in an unsolicited communication to the Bureau:

"It would seem to me that it (the business tax) is unfair, for it rests extremely heavily upon the producing interests which, as a rule, require considerable floor space, whereas a non-producer may be doing ten times the business, using ten times the capital, making ten times the profit, using only one-tenth of the floor space, and getting off with one-tenth the taxes paid by the producer."

Though the above queries and answers refer only to the business tax as it applies to Ontario, yet there is much in the article of equal value to the other provinces of Canada. One phase of the subject that appealed to us in particular was the splendid and practical tone of the answers, and we congratulate the Bureau in bringing them direct to the citizens of Toronto in the form of a Bulletin.