

by the Government of interest on all monies held by it and refundable to citizens.

As the Government itself exacts interest on overdue payments on account of taxes, and enjoys the use of money overpaid pending repayment, it would seem only fair and proper that on such money in its hands as belongs to citizens interest should be paid. In private hands the money thus overpaid would be used profitably in business or in investments, and it hardly seems right that citizens should be deprived of the earning power of their money because of mistakes in demands or in payment which must always occur where taxes are being collected from so many sources and in such large volume.

The principle is already recognized by the United States Government, which, when returning money overpaid, adds interest at the rate of six per cent. per annum.

The case for repayment has been developed and organized by Mr. J. R. Dixon, of Ottawa, who was closely identified with the movement to obtain the refund of luxury taxes paid by automobile dealers after those taxes had been suddenly abolished, leaving the dealers with many cars on their hands on which the taxes had been paid. He has prepared a comprehensive review of the whole subject which can leave no possible doubt of the justice of the claim.

## THE GAZETTE, MONTREAL

May 3, 1929

### A RIGHT MOVEMENT

The Montreal Chambre de Commerce has very opportunely decided to support the movement which is seeking legislation that shall provide for the payment of interest on all moneys refundable, or that may become refundable hereafter, because of overpayments to the national treasury under the customs and inland revenue laws and the special war revenue tax. Every year thousands of dollars are overpaid by commercial companies and others in income, excise and other taxes, as well as in cash deposits. The overpayments invariably are due to circumstances over which the individual firms or corporations have no control, and many months may pass before the refunds are made. Consequently, the loss which the commercial communities must bear through their money being so long tied up with the Treasury in "frozen", non-producing credits is considerable. So long as the Government exacts and collects interest on tax arrears, it is no more than fair and just to ask that the rule shall work the other way in order that interest be payable on excess amounts received and retained during the pleasure of the Federal Exchequer.

In the United States six per cent. interest is allowed on refunds made by the Government and nobody can lose more than thirty days' interest. It is legislation on these lines, in amendment of the Revenue and Customs Acts, that the Federal Government is being urged to introduce into Parliament this session. To comply with the request, which is supported by commercial organizations throughout the Dominion, would be doing no more than a simple act of justice to the business fraternity of Canada. The Government's action, as The Gazette pointed out on a previous occasion when commending the movement, would inevitably have a stabilizing effect on the country's business generally.

## EDMONTON JOURNAL

Saturday, May 4, 1929

### INTEREST ON TAX REFUNDS

If a government concedes a claim for a refund of tax money paid to it, is the claimant not entitled to interest on the sum involved for the period during which it has been withheld? It charges interest on payments that are overdue, so it must be considered quite unfair not to allow this when the situation is reversed.

The subject was taken up by the Canadian chamber of commerce at its convention last year, when a resolution was unanimously passed urging the adoption by the federal government of "the principle of payment of interest on all moneys held by it and refundable to citizens."

The action of that body has been followed up by James R. Dixon of Ottawa, who has prepared a detailed review of the whole question and presented a most convincing argument for a change in the federal practice. The successful campaign that he conducted some time ago for a refund to automobile dealers for a luxury tax refund is well remembered. While he is acting primarily for them now, the issue that he raises has a broad application and affects all business interests.

What is being asked is an interest payment at the rate of six per cent. not compounded. That is the figure adopted by the United State government and its recognition that the taxpayer is entitled to an interest allowance, in case of principal is returned to him, makes the failure of our own government to grant this all the more remarkable.

## SATURDAY NIGHT, TORONTO, ONT.

May 11, 1929

### INTEREST ON GOVERNMENT REFUNDS

We have received from Mr. Jas. R. Dixon, of Ottawa, a summarised review, of a very voluminous and comprehensive character, on the subject of the appeal that is being made to the Dominion Government to pass amending legislation providing for the payment of interest on all refunds made, from time to time, by that Government. As he makes clear, Mr. Dixon's own interest in this matter is primarily with the automotive dealers of Canada one of whom, a client of his, overpaid excise taxes to a considerable amount, on certain automobiles. The overpayments, which arose owing to the repeal of the automobile tax, were apparently undisputed, but a considerable period having elapsed before settlement of the same, it would seem that, in equity, the dealer should be entitled to interest on his overpaid money during that period. Such, however, is not, it would appear, the view taken by the Government, and probably correctly taken under the legislation presently operative in this country. But it would look obvious to the ordinary intelligence that, not only has the dealer in question lost the use of his money (so overpaid) during the period above referred to, but that the National Treasury has had the benefit of it during the same period. Therefore, just as the Government is under a legal obligation to pay interest on Victory Bonds and other cognate securities, so it is under a moral obligation to pay interest on the automobile dealer's money of which it has had the use.

"All dollars," in fact, as Mr. Dixon pertinently points out, "are worthy of their hire." And the question, naturally, is one of much wider application than the moneys overpaid by automotive dealers under a tax that has been repealed. Various individuals and corporations from time to time, make over-payments to the Government in connection with customs duties, drawbacks, income taxes, sales et hoc genus omne. It seems to us that, all technicalities to the contrary and notwithstanding, moneys refunded by the Government on such over-payments ought certainly to be repaid with interest. In the United States, this principle of paying interest on over-payments of the kind mentioned obtains, and is, in fact, as we understand, provided for by statute. As the refunds, credits, and abatements of income tax allowed by the United States Treasury, since the tax was imposed, has, up to the first of this year, reached a total exceeding the entire national debt of Canada, at that date, it is plain that such interest payments must have reached, in the aggregate, an enormous sum.

There is little doubt that, on the grounds of fairness and equity, a similar course ought to be followed in this country. Various representative bodies have passed resolutions urging the payment of interest in the class of cases mentioned. One such resolution was passed by the Canadian Chamber of Commerce, at its annual convention in Quebec city, last year. The Chamber went on record as urging the Federal Government "to adopt the principle of the payment of interest on all moneys held by it and refundable to citizens, a course required by equity, as the Government enjoys the use of such moneys pending repayment, and moreover, itself exacts interest on overdue payments on account of taxes, etc. In addition to believing in the justice of this principle, the Chamber is of the opinion that "its adoption would make for the more prompt adjustment of the rights of business men and others by officials of the Government."

This resolution seems to us to put the whole matter in a nutshell. People who are constrained to be without the use of their money for a period—and sometimes a long period—by reason of these over-payments to the Government, and, at the end, receive the bare amounts of such over-payments, without any accrued interest, naturally labor under a sense of injustice. Such a sense of injustice the Government should remove, and if fresh legislation, to that end, is necessary, let fresh legislation be brought down without delay. It is inconceivable that, even in the official mind, there can lurk any strong objection to a course so obviously right.