

of the committee, and I shall follow the statement made by the Minister of Finance who contends that the present amendment is bound to affect the financial scheme of the government in the raising of taxation. On that point and for the reasons already enumerated, I rule the amendment out of order.

Mr. HANSON (York-Sunbury): I should like to resume where I left off when the minister suggested that we deal with the amendment. I was referring to the penalties that might be exacted if a taxpayer made an erroneous return of his 1943 income. Perhaps this would more properly come under resolution 6, and I should like to have it understood that I was just diverging for a moment because that came into my mind. I appeal to hon. members to my right and to hon. members across the chamber to support the position I have taken with respect to bureaus imposing penalties upon taxpayers. The principle is unsound and wrong. We shall have something more to say about this when resolution 6 is before the committee.

Coming back to resolution No. 1, and the failure of the administration to adopt the Ruml plan, I believe I asked the minister if he could make a statement as to what if any loss would be incurred had that plan been fully implemented. I hope the minister will give some consideration to this when he makes his reply. Under the taxes imposed in 1942 we have had to pay sixteen months' taxes with only six months' preparation, and by January 15 of this year we had to get in substantially, the taxes for four months of 1942. In most cases this would be half of the 1942 tax. The whole position is muddled, and I have no doubt that that had something to do with the government adopting the policy of forgiving only 50 per cent of the 1942 tax.

What this country is being asked to do is to pay two and a half years' taxes in two years in order to put into effect a pay as you go or pay as your earn plan. I suggest that it is mostly pay as you go. It has placed an undue burden upon the personal income tax payer. I hope the minister will reply to this point because I feel that the income tax payer has a real grievance against the government.

If the minister will be good enough to refer to page 1356 of *Hansard* he will find that I took up the question of annuities. I do not know whether there will be any other opportunity to refer to annuities under these budget resolutions, but I should like to know if the government intends to do anything about the suggestions I made. I should like to know also the position with respect to income tax collection generally. As reported on page 1357

[The Chairman.]

of *Hansard* of March 18, I made this observation:

We hear practically nothing about income tax collection except the quantum of the sum collected. The wide extension of the incidence of income tax in the last few years has undoubtedly led to a huge expansion of work in the income tax department. The view seems to be generally held that this department is grossly under-staffed, and that as a result the checking of income tax returns, both personal and corporate, is inadequate and very much behind schedule.

That was not an indictment; it was merely stating a truism, because everyone will agree that there has been a huge expansion of the work in that department. I want to know what the position is in that regard. I asked as the number of employees, say as of January 31, 1943, as compared with the same date two years before, and generally what plans had been made to cope with the huge increase in volume of business which must necessarily take place with the filing of this year's returns. I asked certain questions also with respect to the operations of the board of review. I hope the minister will give some information in regard to that. If we cannot get it on these resolutions I do not know where we can get it, because there is no resolution that is directly pertinent to this important question.

The delay in dealing with applications of certain classes of companies, covering their position as depressed industries, is holding back the closing of corporate accounts, because they do not know what their position is; they do not know whether they have set up adequate reserves to take care of their taxation. This state of things will affect the minister's position with respect to the coming victory loan. These companies will subscribe to the limit if you let them know what their tax position is, but they want to know that, and why should they not know it? Why should the decision with respect to the group of companies to which I refer—the minister will know what I mean without my naming them—be deferred for so many months, years one might say? Look at the returns of any of these companies to their shareholders and you will see it stated in so many words that they do not know what their tax position is. That is unfair.

Mr. MARTIN: Does the hon. member mean the final assessment?

Mr. HANSON (York-Sunbury): The final assessment. It is the paper companies I am talking about.

Mr. MARTIN: That is the situation not only with companies but with individuals.