

C230519

Note re Income Taxation of Auxiliary Services Supervisors

As ascertained from the Department of Finance and the Department of National Revenue, the position with regard to Supervisors who served outside the Western Hemisphere during the war is as follows:

- (a) Complete exemption was given on all income up to and including the year 1942.
- (b) After consideration of the case in 1943 it was decided that for that year and subsequent years, Supervisors should have exemption from tax on one fifth of their pay as Supervisors and also exemption on subsistence allowance. In addition, they were not liable to pay the refundable portion of the tax. The remaining four-fifths of their income as Supervisors was subject to tax.

The treatment of the Auxiliary Services Supervisors was substantially similar to that extended to overseas fire fighters, ferry command pilots, and merchant seamen. In 1947, however, special provision was made on recommendation of the House of Commons Committee to give total exemption retroactively to the fire fighters. This was not extended to the Supervisors or other categories indicated above.

The Department of Finance said that several hundred persons are involved and that no commitment with regard to exemption was given by the government formally or otherwise. They said that the major part of the present difficulty arose from the fact that tax was not collected by deduction during the war years nor were efforts made to secure collection while the persons involved were overseas. A number of them have, accordingly, a large accrued indebtedness at the present time.