

BANKING SERVICE

With branches in every important city and town in Canada as well as in Great Britain, the United States, Newfoundland and Mexico, this Bank is in a position to afford you a banking service that is second to none.

THE CANADIAN BANK OF COMMERCE

Head Office - Toronto

Capital, \$15,000,000 Reserve Fund, \$15,000,000

Total Assets over \$440,000,000

The board propose amendments to the Taxation Act in line with their pleadings, one of which is that a tax be levied on farm lands in excess of twenty-five dollars per acre based on a rental value capitalized at ten per cent. They also recommend the initiation of an increment tax in an amendment as follows:

"Where land or real property, or any portion thereof, is sold for a price in excess of a value equal to one-half of the sum of its assessed value for the two years next preceding such sale, there shall be payable upon the registration of the deed of transfer of such land a tax of five per centum on the increase of the value of said land over and above the value so determined, excluding in all cases the cost of improvement or development work done upon or in connection with such lands between the time of the last assessment and the time of sale."

With regard to exemption of improvements on farm lands the board says:

We would add, too, our reasons for not recommending the exemption of improvements on farm lands from taxation, which was recommended by both the Royal Commission on Taxation of 1911 and the Royal Commission on Agriculture of 1913. We think the proposal is based on a wrong principle, and its inconsistency will be easily seen, at least in respect to farm lands, if the rental value is considered.

For the purpose of production the improvements merge into that value and become inseparable from the land. Who can tell, from time to time, apart from the visible improvements, the cost of improving certain lands—clearing, dyking, draining, etc.—some of which disappear in the doing and some of which must be constantly repaired? Only the men who have borne the cost, a cost in some cases far beyond the price for which the land could be sold. And who can tell what a piece of land now improved would be worth in its natural state? There is no system of taxation can equalize the inequalities of good or ill in nature. It is only

results, and not the energy and labor spent to produce them, that can be taxed.

The exemption of improvements from taxation, like some other expedients, has been suggested as a means of relieving a class from unequal and excessive taxation, brought about by a false system of estimating farm values, exaggerated in periods of speculation or gambling on future values, and which can only be corrected by taking rental value as a basis for taxation and taxing farmers in accordance with their "ability to pay" as compared with other taxpayers.

In discussing small holdings, i.e., areas of twenty acres or less, the board is of the opinion that the principle involved in taxation of ordinary farm lands is changed. They recommend in this class of land that taxes be assessed on the basis of cash value.

Taxation of land for mining purposes: We have no good grounds for thinking that the present principle, as set forth in Part V. of the Taxation Act, for the taxation of land from which ore or mineral bearing substances are taken should be changed; nor can we recommend at the present time any change in Part J. of the Taxation Act providing for the taxation of coal, and of lands from which coal is being mined, and of coal lands assessed under Class B; but we think that further time for inquiry might have led us to recommend that the income of persons and companies carrying on coal mining should be brought under the income tax part of the Taxation Act, from which they are specifically exempt. To do this no doubt would necessitate some reduction of the tax on the coal produced from the mines as now provided.

Timber Lands: In respect to the taxation of timber lands we have some very strong evidence to show that the increase of the rate from 2 to 3 per cent. on the assessed value of Crown granted timber land has resulted in placing the owners thereof under unequally heavy burden as compared with those holding licenses for timber land, but we have not had the opportunity to investigate this and other matters connected with taxation of timber land closely enough to recommend any change in this branch of taxation.

Lands held for Building Purposes: This class of land consists mostly of land subdivided into small lots, and should be assessed on the same basis as lots in city municipalities—that is, at sale value.

Wild Land Tax: We cannot recommend any change in the present taxation of wild land, though we do think it is one of the branches of land taxation that requires full investigation and consideration.

The board holds, with good reason, that the personal property tax is indefensible. We will, therefore, in our next issue take up the third section of the division, being persons employing capital, and resolving itself into the income tax to be followed by a review of Professor Hay's report to the Government.

BANKERS' TRUST COMPANY INCORPORATED

The Bankers' Trust Company has been incorporated, under Dominion statute, and is being organized by the directors of the Merchants Bank of Canada, with head offices in the Merchants Bank Building, Montreal. It opened for business on May 1st. The Trust Company is capitalized at one million dollars and its formation at this time is significant of the coming expansion, financially and industrially, which our large monetary institutions confidently anticipate and are preparing for. Branches of the trust company will be established in due course on the principal financial centres of Canada and it is expected that a branch will be established in Vancouver in the natural development of the company's business.

Mr. James Elmsly, for a long time connected with the Bank of British North America at head office, and recently associated with the Prudential Trust Company at Montreal, has been appointed to the position of manager. Mr. Elmsly is well known in Montreal financial circles and generally throughout the country and commands the confidence of the entire business and financial public.