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CANADIAN
TAX FOUNDATION

•
Sixth Annual Report

FOR THE YEAR ENDING
DECEMBER 31st, 1951

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MCGILL UNIVERSITY

CANADIAN TAX FOUNDATION

BOARD OF GOVERNORS ELECTED

6th MARCH, 1952

T. V. Burke, C.A.	- - - - -	Montreal
A. G. Burton, C.A.	- - - - -	Calgary
C. C. Calvin, Q.C.	- - - - -	Toronto
K. LeM. Carter, F.C.A.	- - - - -	Toronto
F. M. Covert, Q.C.	- - - - -	Halifax
E. M. Davison, C.A.	- - - - -	Halifax
H. A. Dyde, Q.C.	- - - - -	Edmonton
T. A. M. Hutchison, F.C.A.	- - - - -	Toronto
S. B. Laing, C.A.	- - - - -	Winnipeg
J. A. MacAulay, Q.C.	- - - - -	Winnipeg
R. deW. MacKay, Q.C.	- - - - -	Montreal
R. W. Manning, C.A.	- - - - -	Charlottetown
J. B. McEvoy, Q.C.	- - - - -	St. John's
D. A. McIntosh, Q.C.	- - - - -	Toronto
J. S. McVicar, C.A.	- - - - -	Vancouver
D. R. Michener, Q.C.	- - - - -	Toronto
William Murphy, Q.C.	- - - - -	Vancouver
Lazarus Phillips, Q.C.	- - - - -	Montreal
A. E. Pierce, C.A.	- - - - -	Montreal
David Reevey, C.A.	- - - - -	Saint John
C. S. Richardson, Q.C.	- - - - -	Montreal
Maurice Samson, C.A.	- - - - -	Quebec
G. A. Sharp, C.A.	- - - - -	Montreal
Guy W. Smith, F.C.A.	- - - - -	Toronto
W. G. Smith, F.C.A.	- - - - -	Regina
H. H. Stikeman, Q.C.	- - - - -	Montreal
Andre Taschereau, Q.C.	- - - - -	Quebec
M. G. Teed, Q.C.	- - - - -	Saint John
J. Ross Tolmie	- - - - -	Ottawa
J. A. Wilson, F.C.A.	- - - - -	Toronto
Chairman	- - - - -	Lazarus Phillips, Q.C.
Vice-Chairman	- - - - -	T. A. M. Hutchison, F.C.A.
Secretary-Treasurer	- - - - -	Henry F. White
Executive Director	- - - - -	Monteath Douglas

*Report of the Chairman of the Board of Governors
at the Sixth Annual General Meeting of
Canadian Tax Foundation*
March 6, 1952

My report to this Meeting marks the end of the first phase of the Foundation's activities and the beginning of a new and larger one. As my predecessor reminded you last year, the first Board of Governors in 1946 laid plans for an initial period of five years. The Board on whose behalf I am reporting today has decided without hesitation, and indeed without any debate of the question, that the Foundation has established its position as a permanent organization, to which more ambitious plans for the future must now be directed.

I have agreed with the Executive Director that as he has lived with the Foundation from the beginning, he should review its performance during this five-year period. His report will therefore be a long one and mine can be fairly short.

Since the last Annual Meeting the Foundation has lost three very valued friends by the deaths of Mr. G. W. Auxier, Mr. M. L. Gordon and Mr. Gordon R. Munnoch. Mr. Auxier served as a Governor for two years. Mr. Gordon, more than any other person, conceived the original plans for the Foundation. He was its first Chairman, and thereafter was elected to the position of Honorary Chairman which he held until his death. In his memory, and in fulfilment of an object that was close to his own heart, the Foundation has established the M. L. Gordon Fellowship on which I shall say something more later. Mr. Munnoch was also one of the founding Governors and served as Chairman three years ago. The Foundation owes far more than the record can ever show to his devoted interest and wise guidance at a critical stage of its development. The Board has expressed its sense of loss and sympathy to their families, knowing that all the Foundation's members are associated with it.

Membership

The Foundation now has 800 individual members and 133 corporate subscribers, compared with 756 and 112 a year ago. During the past two years taken together, the rate of increase in each category has been over 75 per cent, which is an encouraging indication of the support which the Foundation has received from the sponsoring professions and the business community as its work has become better known.

Membership in the Foundation is not restricted to tax practitioners. We welcome the participation of all who are interested in its work, which has much to gain from diversity of occupational backgrounds. But the facts that the Foundation originated by the joint action of the two professions engaged in tax practice and that one of its objectives is to promote wider collaboration between them, requires us to look to the professions as the first source of membership, and entitles us to count on their assistance in extending the necessary corporate support.

Finances

The Financial Statement that you have received will be presented for your approval by our Treasurer. But as the Foundation's financial requirements are an expression of its programme and policy, I should comment on the present financial position from that angle.

Until last year the Foundation's operations were carried out within the limits of the five-year programme underwritten by its original subscribers, which contemplated annual budgets not exceeding \$60,000. As the organization started from nothing and had to be built up by degrees, expenditures during the first four years varied from \$27,293 to \$55,340, and the Foundation had a surplus of some \$44,000 at the end of 1950.

The increased rate of expenditure last year to \$72,949 therefore marks the transition to a more ambitious scale of operations, and points to the different circumstances which now govern our plans for the future. The essential difference is that we no

longer have, and in fact no longer need, assurances of support over a given term of years. Such assurances provided necessary protection while the organization was in its infancy, because without them recruitment of staff and forward planning would have been impossible. Today, however, we must rely on the Foundation's demonstrated accomplishments to secure the required financial support from year to year, and we can proceed confidently on this basis. The greatest element of encouragement in this respect has been our experience during the past year that our largest subscribers, whose leadership five and six years ago made it possible to launch the Foundation on its way, have been ready to continue their support beyond the terms of their original commitments. We now owe it to them, as well as to the Foundation itself, to increase the roll of new subscribers which has been growing during the past two years, so that the Foundation will rest on the broadest possible basis of support throughout the entire country. This movement is well started. Last year's higher expenditure was almost covered by additional current subscriptions received during the year.

As the Foundation's operations during the year ahead will be subject to decision by the incoming Board of Governors, and one factor will be the decision whether the Foundation should now encroach on its present surplus funds in order to carry out projects which would be approved if funds were available, I am not in a position to present a firm budget in support of these observations. But our preliminary estimates would justify a budget for 1952 at not less than \$100,000.

One project now under consideration illustrates the present position. At the beginning of the Foundation's work the Director registered the intention of the undertaking, whenever it could be done, a study of tax incidence in Canada. This would be an ambitious piece of work, which might well cost upwards of \$50,000. In addition to money it requires competent workers, and well organized direction and preparation. It could not be undertaken before this, but we now have a well considered

proposal before us involving an approach in two stages, namely (1) a survey of the subject, leading to (2) a full exposition if the preliminary findings are encouraging. The first stage would consist of a review of methods and available material by an outside team of research economists, with a view to preparation of working plans and an estimate of expected results, on which the decision whether to proceed with the second stage would be determined. We believe that if the findings of the first stage were favourable we would have little difficulty in raising special subscriptions, or a special grant of funds, to carry it out. The question before us now is whether we should initiate the exploratory stage at once, or wait until our plans to broaden the general basis of the Foundation's financial position have achieved the budget level that I have just indicated.

We are increasingly concerned about the economic damage that may result from mounting tax rates. Similar concern in the United States has led to demands in some quarters for a constitutional amendment limiting rates that may be imposed by the Federal Government. It is certain that a progressive levy on personal earnings at increasing marginal rates affects taxpayers' attitudes towards risk and exertion, and we are inclined to agree with the Minister of Finance that corporation taxes should not exceed 50% of income.

Owing largely to taxation, a substantial change is taking place in the distribution of the national income and this is causing many income producers to reconsider their ability to provide for old age and dependents.

The complexity of direct and indirect taxes levied at three levels of government makes it extremely difficult to apportion the ultimate distribution. A study of incidence may never tell us exactly who bears corporation taxes or sales and excise taxes, or exactly at what point rates are too high; but it would, we believe, go some way towards indicating how the burden is spread and so assist in minimizing the damage which must accompany heavy taxes. We therefore wish to begin this investigation, or at least the first stage of it, as soon as we can.

In the circumstances of this transitional period in the Foundation's affairs we are reviewing the constitution and procedure of our Membership and Finance Committee in order to reconstitute it with a view to much higher objectives. For its guidance in this matter the Board has received a report from Mr. Campbell Leach, who will relinquish the chairmanship of this Committee on his withdrawal from the Board this year, and I take this opportunity of thanking him for his two years of hard work, and for its results, to which I have already referred.

Principal Activities during 1951

In view of the contents of the Director's Report I note the following points as briefly as possible.

(1) Representations to Government

On February 12 a memorandum of recommendations on Part IA of the Income Tax Act was submitted to the Departments of Finance and National Revenue, arising out of the first review of this legislation at the Fourth Tax Conference. Of six points taken up, two received attention in subsequent amending legislation.

On May 29, a committee of lawyers and accountants convened by the Foundation submitted comments and recommendations on the Bill to amend the Income Tax Act, before second reading.

On June 11, recommendations for amendment of the deferred capital cost allowance regulations were submitted to the Minister of Trade and Commerce two months after the introduction of this measure. A substantial part of these recommendations was subsequently adopted.

(2) Research and Publications

The Foundation's Tax Bulletin was put on a regular two-monthly basis; the *Canadian Tax Papers* series was initiated; and *Taxation in Canada* by J. Harvey Perry was published in accordance with the arrangements reported a year ago. This phase of

the Foundation's work in particular will be reviewed by the Director in detail.

(3) Fifth Tax Conference

Those who attended the Fifth Tax Conference, held in Montreal on November 12 and 13, considered it the most successful yet, following certain changes in the programme arrangements of previous years. The subjects of discussion were: The General Sales Tax; Definition of Income; further review of Part 1A of the Income Tax Act; and Succession Duties. We were privileged to have Mr. George O. May as guest of honour, who addressed the Conference on "Periodic Business Income and Changing Price Levels," reviewing the work of the Study Group on Business Income, whose Report has now appeared.

Recommendations arising directly out of the Conference were limited to the reiteration of certain points contained in the Foundation's earlier brief of February 12. In view of the Foundation's working arrangements with the Joint Taxation Committee of the parent Associations, whose members took part in the Conference discussions, these points are incorporated in the Committee's recommendations this year.

The report of the Conference is still in preparation and will be published shortly.

(4) Travel and Speaking Engagements

Your Chairman visited Vancouver on the Foundation's account in August.

The Executive Director and the Director of Research between them addressed ten informal or public meetings by invitation during the year. More invitations would have been accepted if time had allowed.

The Executive Director visited New York and Washington in December for the purpose of keeping in touch with corresponding American organizations and meeting certain U. S. Government officials. He also took advantage of a personal visit to the United Kingdom earlier in the year to renew contact with interested people in business and government service. I mention

these visits because the Foundation has a growing circle of friends in both countries who have been helpful in many ways.

Staff

There have been several important staff changes during the year. We were sorry to lose the services of Dr. J. R. Petrie who joined the Foundation as Director of Research on a temporary appointment in September, 1950. He accepted the offer of an interesting position in Montreal where he has helped to make the Foundation favourably known. In June Mr. Milton Moore, who is a graduate of Queen's University and the University of Chicago, was appointed to the position of Research Associate. He is carrying on Dr. Petrie's former work. Later in the year we also opened the new position of Editorial Assistant, to which Mrs. Gwyneth McGregor was recently appointed. Our former librarian, Miss Helen Lang, left us to get married and Miss Audrey Dean has taken her place. The Foundation's financial and membership affairs continue in the experienced hands of Mr. James A. Reid, the Office Manager. Mr. Monteath Douglas completed five years' service as Executive Director last October, and agreed at the Executive Committee's request to extension of his appointment.

The Foundation now has a staff of eight people, including the stenographers, and the present volume of work could easily occupy ten. It has been our policy, which will continue, to recruit staff only as the work requires and as we find people who are thoroughly competent to do it. So far this has put on everybody a full load, which has sometimes been excessive at peak periods. For senior positions the Foundation is in competition with organizations which can offer more attractive long-term opportunities of advancement, and this consideration increases our concern to establish and maintain an assured financial position at an adequate level. The Foundation's work cannot be done cheaply.

The M. L. Gordon Fellowship

My personal reference to the late Mr. M. L. Gordon has

already introduced the item appearing under his name in the Financial Statement. The Board has appropriated the sum of \$5,000 for the purpose of providing an annual fellowship tenable at any Canadian university by a graduate student engaged in research on a subject pertaining to public finance in economics, law or accounting. The details of this grant have been approved and communicated to all Canadian Universities. The grant may take the form of a Junior Fellowship in the amount of \$750, or a Senior Fellowship of \$1,500, the latter providing for more advanced work involving research exclusively. Our primary object is to encourage Canadian graduate studies in this field, and we have had the benefit of advice from three universities regarding the conditions which should be observed. It has been said that a country whose young people go to universities elsewhere to complete their education cannot remain independent indefinitely. At all events, we believe that this arrangement will encourage a few Canadians who would otherwise go to graduate schools in the United States, and once there would not return, to stay in Canada and do the work that needs to be done here.

The Canadian Junior Tax Foundation

Another item in our Financial Statement requires special explanation. The Canadian Junior Tax Foundation refers to a proposal which we received last year from a group of young accountants and lawyers in Toronto to form their own organization, under the Foundation's auspices, for the study and discussion of tax questions on a basis that would interest recent graduates in both professions and would be suited to their needs. We very gladly accepted this suggestion, provided that the group who introduced it were prepared and able to complete the proposed organization on their own motion, with certain assistance from us. It is now being thoroughly canvassed, and we look forward to receiving a favourable progress report. If this arrangement can be started successfully in this city we shall be ready to assist its development in other places too.

Changes on the Board of Governors

The following members of the Board will retire this year:

R. I. Balcom, C.A.	- - - - -	Halifax
Rosaire Courtois, C.A.	- - - - -	Montreal
J. E. McIntosh, C.A.	- - - - -	Vancouver
H. C. F. Mockridge, Q.C.	- - - - -	Toronto
W. S. Owen, Q.C.	- - - - -	Vancouver
C. W. Leach, C.A.	- - - - -	Montreal
H. L. McMackin, C.A.	- - - - -	Saint John
A. B. Shepard, F.C.A.	- - - - -	Toronto

On your behalf, as well as my own account, I thank each of these gentlemen for his valued help and encouragement in furthering the Foundation's work. It is a satisfaction to know that their interest and support will continue. The following have been nominated to take their place:

E. M. Davison, C.A.	- - - - -	Halifax
H. A. Dyde, Q.C.	- - - - -	Edmonton
Jacques LaRue, C.A.	- - - - -	Quebec
J. S. McVicar, C.A.	- - - - -	Vancouver
D. R. Michener, Q.C.	- - - - -	Toronto
William Murphy, Q.C.	- - - - -	Vancouver
A. E. Pierce, C.A.	- - - - -	Montreal
David Reevey, C.A.	- - - - -	Saint John
Guy W. Smith, F.C.A.	- - - - -	Toronto

I deeply regret to inform you that Mr. LaRue died after these nominations were received. The incoming Board of Governors will have authority to fill the vacancy.

Acknowledgements

The duties of my office have been light because of the high quality of the services of our Director and his assistants. Mr. Douglas has anticipated the requirements of the Executive Committee to such an extent that our decisions have been reached without great labour. For the superb organization of the Conference and the smooth operation of the office he gives all credit to

Mr. James Reid. To Mr. Douglas and all the staff I extend my personal gratitude.

While I am reluctant to select individuals from a Board of Governors which has served so well during the past year, Mr. C. C. Calvin and Mr. Henry White have borne the main weight of the duties that fall on the elected members. Mr. Calvin, as Chairman of the Executive Committee, and Mr. Henry F. White, as Secretary-Treasurer, have given generously of their talents and energy; if the past year be reckoned as successful, that success is due in large measure to their faithful service.

I complete my year of office with the satisfaction of having been one of a hard-working, interested team and with confidence that the objects of the Foundation will be more nearly attained in the future to the national benefit.

On behalf of the Board,

K. LEM. CARTER,
Chairman.

**CANADIAN TAX FOUNDATION
FINANCIAL STATEMENT**

AS AT 31st DECEMBER, 1951

CANADIAN TAX FOUNDATION

AS AT 31st

INCOME AND EXPENDITURE FOR THE YEAR ENDED 31ST DECEMBER, 1951

INCOME:

Subscriptions received - - - - -	\$ 69,715.00
Interest received - - - - -	1,010.36

	\$ 70,725.36

EXPENDITURE:

Salaries - - - - -	\$ 42,291.77
Publications (net) - - - - -	11,199.03
Travelling expense - - - - -	3,185.88
Special studies - - - - -	3,133.05
Conference expense (net) - - - - -	3,060.88
Office rent - - - - -	2,707.20
General office expense - - - - -	1,913.86
Printing, stationery and office supplies - - - - -	1,822.80
Books and periodicals - - - - -	1,322.56
Postage and excise - - - - -	1,101.92
Telephone and Telegraph - - - - -	959.46
Entertainment - - - - -	212.22
Canadian Junior Tax Foundation - - - - -	38.46

	\$ 72,949.09
Depreciation - - - - -	464.21

	\$ 73,413.30
EXCESS OF EXPENDITURE OVER INCOME FOR THE YEAR - - - - -	<u>\$ 2,687.94</u>

NOTE:

The Foundation has made commitments amounting to \$3,500.00 in connection with the publication of books on taxation matters.

AUDITOR'S REPORT TO THE MEMBERS

I have made an examination of the books and accounts of the Canadian Tax Foundation for the year ended 31st December, 1951, and have obtained all the information and explanations which I have required. I report that, in my opinion, the above Financial Statement is properly drawn up so as to exhibit a true and

TORONTO, January 29th, 1952.

ON FINANCIAL STATEMENT DECEMBER, 1951

UNEXPENDED INCOME AS AT 31ST DECEMBER, 1951

UNEXPENDED INCOME AS AT 31ST DECEMBER, 1950 - - - - -	\$ 44,273.33
Excess of Expenditure over Income for the	
year ended 31st December, 1951 - - - - -	\$2,687.94
Transferred to M. L. Gordon Fellowship Fund	5,000.00
	<hr/>
	\$ 7,687.94
UNEXPENDED INCOME AS AT 31ST DECEMBER, 1951 - - - - -	<hr/>
For continuation and extension of the Foundation's activities	\$ 36,585.39
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REPRESENTED BY:

Cash on hand and in banks - - - - -	\$ 8,497.70
Investment—Crown Trust Co. - - - - -	
Guaranteed Investment Receipt 3½% - - -	25,000.00
Furniture and Office Equipment - - - - -	
\$ 4,642.14	
Less: Reserve for depreciation	1,387.97
	<hr/>
	3,254.17
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	36,751.87
Less: Accounts Payable - - - - -	166.48
	<hr/>
	\$ 36,585.39
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M. L. GORDON FELLOWSHIP FUND AS AT 31ST DECEMBER, 1951

CASH IN BANK - - - - -	\$ 5,000.00
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FELLOWSHIP FUND	
Transferred from unexpended income - - - - -	\$ 5,000.00
	<hr/>

correct view of the state of the affairs of the Foundation as at 31st December, 1951, and the results of its operations for the year ended on that date, according to the best of my information, the explanations given to me, and as shown by the books of the Foundation.

G. Y. ORMSBY
Chartered Accountant

Report of the Executive Director

This report might be headed, "The Canadian Tax Foundation after Five Years." During the five-year period that ended last fall, the Foundation has been developing with all the advantages and limitations of a well endowed pilot project. Today it stands as a seasoned organization occupying a recognized place in Canadian public affairs, with a demonstrated capacity for broader scope. The success of the experiment is confirmed by evidence from three directions in particular. The Foundation has earned the confidence of the tax authorities; it has fulfilled the expectations of its principal financial supporters, whose backing during this period was the indispensable condition of the undertaking in the first place; and the sponsoring bodies of the Canadian Bar Association and the Canadian Institute of Chartered Accountants now take its continued operation for granted.

The Foundation today is therefore qualified by experience and reputation to carry forward all the objectives that its original founders and supporters had in view. Our policy now is to consolidate this position and to plan for a permanent organization on a rather more ambitious scale. Larger resources will be needed, and the record encourages us to ask new subscribers to provide them and to join now with those whose support so far has made these results possible.

The Foundation can look forward with confidence for another reason as well. The experience of the past five years enables us to check and confirm our functions and objectives. This organization did not start from a blue-print. It could not be set up in that way because it was a novel conception in several respects. At the beginning, certain explicit conditions were, of course, necessary to safeguard the Foundation's independence, and its aims could be stated in general terms. But thereafter the work had to proceed according to methods and priorities that circumstances required or allowed. In this way the course of operations from day to day developed out of separate opportunities and

decisions. The main object of this report is to review this experience and to present conclusions which should guide our plans for the future. These conclusions require no change of purpose or direction, but they recommend a wider outlook and some shift of emphasis.

Surrounding the separate parts of this picture, and holding them together, there has grown in my own mind a governing conception of the Foundation which I can best express by describing it as an agency of the democratic process; that is to say, a device for investigating and registering the common interest in an area of government action where conflicting interests and opinions are mainly apparent. Speaking as one who has invested his career in this work, this guiding idea is the consideration above all others that makes the work worth-while, and I believe that it is the standard by which it should always be judged. I cannot elaborate this view here, but I hope that it will stand out clearly as the frame of everything said in this report.

Still speaking personally, I am also conscious of the contrast between the assurance of these introductory remarks and the misgivings with which I faced my duties as Director when they were beginning five years ago. I must therefore pay acknowledgement here to all the people who have brought the Foundation in one way and another to its present position: to subscribers for their liberal encouragement and vision; to individual members for their active participation; to government officers for their consideration and goodwill; to successive Governors for their guidance of the Foundation's affairs; and to the staff, including former members who are no longer with us, for resourceful teamwork. These have been the real factors of accomplishment.

At the first Tax Conference, in December, 1947, the Chairman of that year, Mr. Grant Glassco, defined the Foundation's objects as follows:

"The first object is research in the field of taxation, which involves the study of any piece of tax legislation anywhere in Canada.

"Next, we shall make whatever contribution we can to public

understanding of tax matters, both by publishing the results of our own research and by publishing such other material as may be useful.

"Thirdly, we shall also try to provide opportunities for public discussion of our tax problems, bringing together different points of view and trying to resolve difficulties and misunderstandings in this field.

"Finally, we shall be concerned with education along two lines: first, the encouragement of Canadian universities to provide more ample facilities for the study of public finance and graduate studies in taxation; and secondly, the provision of special facilities for the education of persons wishing to enter tax administration as a career."

As briefly as possible, I will review the Foundation's activities under each of these headings.

Research

As the term "research" has acquired a somewhat inflated meaning in common currency, I should say that in the Foundation's case it means the disinterested investigation of relevant problems, undertaken by competent workers with a view to improving tax legislation or informing public opinion. Any research project within this definition raises three questions before it can begin: is it practicable; are competent workers available; what will it cost and will the results be worth it? Then comes the fourth question of priority.

Our typical procedure in the case of the bigger items is that the staff is responsible for getting the answers to these questions; the Executive Committee then considers concrete recommendations, keeping an eye on the budget, and projects if approved are then assigned to outside workers. Thereafter the staff keeps in touch with the progress of the work, gives assistance as required, receives the product when it is finished, and then prepares it for publication and sees it through. In all cases where the services of an outside worker are retained, the Foundation observes the

rule that he has an absolutely free hand, and this is made clear when the results are published.

In order to provide complete information without enlarging the body of this report, a separate appendix lists research studies already produced, in progress or under active consideration now. Two points should be kept in mind in reading this appendix, and in considering the Foundation's research programme generally.

First, the procedure is elastic. There is no uniformity as regards size or character of subject matter, or method of treatment. A research project may vary from the preparation of a memorandum in the Foundation's office, to a formal study requiring up to two or three years' part-time work by an outside expert. Examples of the former are the proposals regarding *Double Taxation*, *Undistributed Profits and Private Companies* which were submitted for discussion at the Third Tax Conference in 1949, or the recommendations regarding *Deferred Depreciation* which were submitted to the Government last June, following two months' observation of this measure after it was introduced. Examples of the latter are Mr. Harvey Perry's survey of *Taxation in Canada* and Mr. John Due's study of the *General Sales Tax*, which were published last September.

The second point is that the Foundation has to employ its limited staff to best advantage. During the period under review the word "staff" in the present context has actually meant at first one man, and later two men, available for the preparation and supervision of a research programme and the execution of projects done inside the office, with additional duties and responsibilities arising out of the other activities discussed below. Where substantial pieces of work are involved, the procedure of sub-contracting outlined above is therefore the most economical and productive arrangement. Even if we had a larger staff we would still be well advised to follow it, and to resort to outside workers freely.

It has taken several years to develop the Foundation's research programme to the present dimensions. To some extent, this reflects the fact that you have to break new ground before you

can harvest the crop. It also reflects two other phases of our experience. One was the circumstance that the Foundation happened to begin its career at the time when the long-delayed revision of the Income Tax Act was also beginning to move; so that the new legislation, which was concerned very largely with technical amendments and innovations, at once became a primary preoccupation. The other was the necessity of appointing a Director of Research to initiate and supervise this side of the Foundation's work, free from other responsibility. I would like to take this opportunity to express my own appreciation of the help that we received from Dr. Petrie while he was with us. He arrived on the scene eighteen months ago, when we most needed him; and the stepping-up of the Foundation's production last year speaks for the value of his contribution better than anything I can say. The pump having been primed, I believe we can at least maintain this level of production, but we shall have to make arrangements for a permanent successor.

I would state the conclusions of our experience in the field of research as follows. Assuming the necessary funds are available, three other ingredients are required: (1) the Foundation's staff, and more specifically a full-time Director of Research, to initiate, prepare and supervise the programme at all stages, and to carry out studies of limited compass that can be based on the Foundation's sources of direct information; (2) outside workers qualified and available to carry out major studies on assignment from the Foundation on a fee basis; and (3) outside advice, to assist in determining the selection and priority of agenda according to their relevance from the broadest viewpoint.

The Foundation has reached a degree of maturity and experience which justifies us in increasing our research budget substantially, with confidence that it will show worth-while returns. If we can do this, we are now in a position to encourage economists and other workers to come into the field of fiscal affairs, by preparing subjects for investigation, financing and otherwise assisting the progress of the work, and promoting publication and informed discussion of the results. Such encour-

agement is not only a primary condition of the progress of our own programme, but a desirable objective in itself. The Foundation is interested in seeing useful work done, whether the results appear under its own name or independently.

If there were no limit to the length of this report these conclusions could well be illustrated by reference to some of the items listed in the appendix. I shall be glad to give more particulars in reply to questions afterwards.

I have discussed organization and conditions of research more fully than I shall discuss the other three headings of activity, because it underlies each of them; and also because this phase of the Foundation's work, together with costs of subsequent publication, is the main factor affecting the size of its budget. Moreover, it is only during the last two years that these results have started to show, for the reasons already stated, and it may be desirable to correct any impressions that it represents a secondary interest.

The question of what the Foundation does with the results of research is covered by the headings that follow.

Publications

The Foundation is now producing or sponsoring four classes of publications, in addition to reports of Tax Conferences and of representations to government. These are: (1) major studies of book length; (2) the series of *Canadian Tax Papers*; (3) the *Tax Bulletin*; and (4) what we call "Occasional Papers." Perhaps I should emphasize at once that none of these items is produced in order to dress the front window. Each of them is designed to fill a gap or supply a need, as we see it, with a view to informing public opinion or focussing the attention of its leaders on practical issues of tax policy or tax methods. The ultimate purpose is always the improvement of the tax structure, or the prevention of its deterioration, for which an informed public opinion is the first condition.

The public that we have in view comprises our own members, most of whom are professional men or business executives;

government officers and Members of Parliament, editors and journalists; members of the teaching profession and university students; and similar people in the United States and United Kingdom who receive our material on a basis of reciprocal exchange. The level or band of opinion at which an organization like the Foundation should promote thinking and communication of ideas is an interesting problem. If a large public following were an end in itself, it would not be difficult to capitalize on the prevailing state of tax-consciousness by providing types of material having a wider popular appeal. But where problems of taxation are concerned, easy simplification is generally incompatible with presenting the truth of the matter, and it is not the Foundation's business to lead political demonstrations. It has therefore been our policy to produce our material at a level of well instructed discussion, relying on the laws of intellectual gravity to let it sink in. At the same time, we do not disregard the wider public. We have done what we can to meet it, and we shall try to do more, by providing speakers for public meetings, preparing newspaper articles on request, and standing ready at all times to receive enquiries and answer questions from anyone who writes, telephones or comes in to the office. I believe that the justification of this policy in both directions is confirmed by our experience to date.

A further point concerning the Foundation's publications should be made clear. We want our members, most of whom are tax practitioners, to find them interesting and useful. But we shall continue to keep right out of the field of the commercial tax services. Our material is not intended to furnish guidance in the practice of tax law or accountancy. But it is intended to encourage lawyers and accountants to think about problems, whether arising in their professional experience or outside it, on which a consensus of informed opinion is the necessary first stage in considering any structural reform of the tax system. I would put it this way. Sponsorship of the Foundation by the Canadian Bar Association and the Canadian Institute of Chartered Accountants has created a non-partisan constituency of profess-

ional men who are better qualified than any other large group in the country to consider questions of tax policy and tax methods in constructive terms, and to guide the Foundation itself in arriving at recommendations for improvement.

A final but important point is that our work is also directed to furthering closer relations in the taxation field between the two professions themselves, not with a view to encouraging lawyers to construct balance sheets or accountants to practise the law, but in order to bring about, in matters of common interest, the closer co-operation between the two disciplines to which Mr. George O. May referred in his address at our last Tax Conference.

Having defined the Foundation's publication policy and stated its purpose, I should give a short account of each of the four classes of material to which I have referred.

(1) *Major studies of book length*

These are represented so far by *Taxation in Canada*—of which the first printing will soon be exhausted—and by Dr. Petrie's *Taxation of Corporate Income in Canada*, which is now in proof. Two more titles will be added soon, namely *History of Canadian Taxation*, which is the second part of Mr. Perry's comprehensive survey, and *The Meaning of Income* by Dr. F. E. LaBrie of the University of Toronto Law School, which is a study of comparative jurisprudence under the Canadian and British Income Tax Acts.

Each of these represents work extending over several years on the part of the authors, and in each case the Foundation has either been responsible for causing it to be undertaken in the first place or instrumental in assisting its progress. As the Foundation is not in the book publishing business, arrangements have been made with the University of Toronto Press whereby they publish on a basis of joint participation, the Foundation appearing as sponsor. There is no inclusive agreement respecting the series as such, and each work has to pass the publisher's judgement as well as the Foundation's. Again I would emphasize that the publica-

tion of useful books as such is not our purpose. The objective is always that they will shed light or help to form opinion in directions that are conducive to improvement of tax policy or tax methods in Canada.

Books in this series are distributed by the publishers through the usual commercial channels, and are brought specially to the attention of universities, law libraries, professional and business associations and government departments. The Foundation donates copies to corporate subscribers, and offers them to its individual members at a reduced price. Speaking generally, these studies are of a kind that would not be undertaken, or produced for the Canadian market in view of its limited capacity, without the Foundation's assistance in one way or another; and in these circumstances it is part of our business to encourage scholarship that contributes to the objective just stated.

(2) *Canadian Tax Papers*

This heading describes the series of "green books" which are becoming familiar to the Foundation's members. Their purpose was announced at our last Annual Meeting as follows: "The *Canadian Tax Papers* consist of short studies of particular topics issued separately, with no necessary regularity, for the purpose of public education in the broad sense of the word. In certain cases they may be prepared by the Foundation's staff, but generally they will be written by special contributors who will be encouraged to express their own opinions as such. They thus fill a place somewhere between the Foundation's *Tax Bulletin* and full dress studies of the kind just mentioned. The first requirement of any project of tax reform is an accurate determination of significant questions. This kind of publication therefore performs something of the function of an ice-breaker."

In accordance with this character and purpose, items in this series are published directly by the Foundation on its own account, and are distributed without charge to all members. Outside the Foundation's membership they are offered for sale at a price based on the unit cost of production. They therefore

produce no net revenue, and cannot be expected to do so because they reflect rather our judgement of matters deserving consideration according to the objectives stated above, than any attempt to meet a market demand. Their publication typically represents the intermediate stage between the completion of a research project and consideration of the findings with a view to topical interest or recommendations to the tax authorities.

The subjects so treated thus far have been, in order of publication, *Provincial Retail Sales Taxes in Canada*, by John F. Due; *The Mitigation of the Tax Penalty on Fluctuating or Irregular Incomes*, by John Willis; *The General Manufacturers Sales Tax in Canada*, by John F. Due; and *The Proposed Old Age Pension*, by D. C. MacGregor. A fifth number is now just coming out, on *The Municipal Business Tax in Canada*, by Robert M. Clark. It will be followed by a review of the *Dominion-Provincial Tax Agreements*, which is now substantially prepared and will be completed when the current negotiations are concluded and the prospective position for the next five years becomes clear. Other subjects that we now have in mind for appearance later in the year are *Financing National Health Insurance* and possibly *Succession Duty Legislation in Canada*. We have to keep a free hand to deal with fresh developments that may become topical, or to change the order of priority.

The function of this series can be illustrated concretely by Mr. Due's study of the General Sales Tax. Here is a tax that has occupied a big place in the Canadian tax structure for many years and has attracted much political attention. The introduction of universal old age pensions put another spot-light on it. Yet very little was known about its operation on a broad view, and no information of this kind was available. Without presuming any conclusions for or against this tax and its administration, we therefore commissioned a recognized expert on the subject to investigate it, and followed the publication of his findings by organized discussion at the Fifth Tax Conference, which the responsible Government officers showed us the courtesy of attending. This discussion is being carried forward in the *Tax Bulletin*,

and we intend to return to the subject at the next Tax Conference in order to ascertain whether an agreed view is emerging concerning features of the tax that merit recommendations for amendment and the proposals that should be directed to them.

(3) *The Tax Bulletin*

I need say nothing about the purpose of *Tax Bulletin*, because its function and place in the Foundation's activities are self-evident. It still has the character of a house organ, and is ordinarily seen only by the Foundation's members and people who are on our complimentary mailing list. We shall develop it, if we can, to the status of a recognized tax journal to be sold publicly, serving at the same time as a regular vehicle of all the Foundation's objectives, and extending particularly into the field of comparative tax experience as between Canada and other countries that have similar systems and problems. We also hope that it will receive greater support from both of the parent Associations as a joint vehicle of professional writing. These plans lie in the future. At present the *Tax Bulletin* in its existing dimensions takes all the time that we can spare for it.

(4) "Occasional Papers"

These are equivalent to extended editorials or policy statements, issued over the writer's name and published on the Director's responsibility, dealing with topical questions in a more complete and timely way than is possible through the *Tax Bulletin*, and issued on a basis which allows wider distribution and invites more immediate attention. In one or two cases we have sent them to all Members of Parliament. So far they have dealt with the following topics: *Financing the Defence Programme*; *The 1951 Federal Budget*; *Inflation and Price Control*; *Financing Old Age Pensions*; and *Periodic Business Income and Changing Price Levels* — the latter being the text of Mr. May's address at our last Tax Conference, with additional material supplied by him afterwards.

I should emphasize that these statements are in no sense approved policy statements expressing the attitude of the Foun-

dation as such, and this is always made clear. They may deal with matters that are essentially political questions, on which the Foundation as such takes no position. While the Foundation's submissions to the Government must be confined to structural or technical tax recommendations based on research and consensus of informed opinion which is politically neutral, the political aspects of taxation should not deter it from contributing to public discussion in ways that are consistent with the status of a disinterested agency. "Occasional Papers" issued as I have described them represent one way of discharging this function legitimately.

This concludes the section of my report dealing with publications. The extent of our work in this respect obliged us in the latter part of last year to create the post of Editorial Assistant having the whole-time responsibility of editing and supervising all material at the stage of publication, and attending to its production with our printers.

Public Discussion

The third main objective as originally stated concerns the provision of "opportunities for public discussion of tax problems, bringing together different points of view."

We have carried this out from year to year in the Foundation's annual Tax Conference, of which five have now been held. The reports of these conferences are matters of separate record with which most members are familiar. Judged both by the increasing attendance from all parts of the country, and by comments received from members and guests, each of these meetings has been more successful than the previous one. This encouraging state of affairs reflects the quality of the participation of members themselves, who over the five years have developed a sense of common purpose and enthusiasm. It also reflects the encouragement that we derive from the attendance each year of senior officers from federal and provincial government departments.

These conferences are not primarily intended to produce

submissions to governments, although clear-cut recommendations are sometimes a by-product. The primary purpose is to produce an exchange of views that develops common ground between the two professions, gives government officers an opportunity to see things from the taxpayer's point of view, and helps to guide the Foundation in its own programme, which may lead to representations later.

Experience shows that the annual tax conference, which is held in the late fall, works to best advantage on the basis of data papers circulated to members beforehand, and that in most cases this preparatory work can be done better in the Foundation's office than by members' study groups. The latter have little time to get organized after the summer, and the people who should compose them are in most cases already under obligation to the provincial taxation committees organized to report to the Joint Taxation Committee of the two Associations. Last year we therefore confined the organization of preparatory groups, with one exception, to short-range meetings of members in different cities for the purpose of reviewing data papers distributed in advance from the Foundation's office. It appears that this procedure should continue to be used in future, and it will enable us to link the work of tax conferences more closely with the Foundation's research programme with a view to maximum practical application.

Education

The provision of the M. L. Gordon Fellowship, to which the Chairman has referred, represents the first formal step to implement the fourth objective. One reason for delaying it until this year has been the consideration that the sponsoring organization should itself occupy a recognized position in the field of public finance, and should be fitted by experience to administer such grants-in-aid to the best advantage.

The Foundation's encouragement to Canadian universities can take other forms as well. Much of our published material is suited for use in senior classes and seminars, and some of it has

been so used. Our problem here is to get it into the hands of the people whom it may interest at the time when they can use it. Within reasonable limits the Foundation is in a position to provide such material free of charge or at a nominal cost, and this represents an investment by the Foundation in furtherance of its primary objectives. To do more in this direction we must develop closer working relations with Canadian universities than anyone in the office has been free to cultivate so far. The relationship between universities and the Foundation works both ways, and brings us back to my earlier observations on the conditions of a progressive research programme, where I stressed the need of having competent outside workers interested and available to help us. The universities are the primary source from which we should expect to recruit such help.

As regards the second part of the fourth objective, namely the provision of special facilities for education in tax administration, nothing has been done, although we explored this possibility several years ago. Lack of apparent demand, coupled with executive changes at that time in the government department chiefly concerned, caused us to shelve the idea which, to be quite frank, has receded behind the increasing volume of our own immediate work. Meanwhile, the organization of the Institute of Public Administration of Canada three years ago has introduced another agency better qualified to judge the need in this respect and to devise the facilities if they are required.

This concludes my review of the Foundation's performance under the four headings of activity proposed at the beginning. I hope it will be agreed that we have done justice to them, or rather, that having started to do justice to them within the limits of time and resources to date, the Foundation is now in a position to confirm these objectives and go forward. I have also tried to show that they are joined together as the organic functions of a single operation, and that the whole operation itself is not only motivated by the guiding conception that I defined as "an agency of the democratic process," but is making this conception effective.

We can therefore endorse these objectives in the light of experience, and I do not think that they require any restatement today. But one or two things should be added.

Representations to Government

Nothing was said explicitly about representations to government as a separate phase of the Foundation's work, because this function is implicit in the underlying purpose of improvement of tax legislation and represents the final stage. I have, however, indicated how the functions of research, publication, discussion and education lead up to it.

The Foundation's formal representations have hitherto been confined to the federal Income Tax Act. This limitation has simply been a matter of circumstance and will not continue to apply. We have recently opened up a review of the General Sales Tax; we do not yet know what will come out of it, but we expect that further consideration will show that some recommendations are in order. Some time ago we investigated Provincial Corporation Taxes. Being short-staffed, we then deferred closer study when we found that there was not much taxpayers' interest in the question at that time, and decided to await the review and re-negotiation of the tax agreements which is now in progress. This is a question to which we are prepared to return when the new position is clear. We have also had two study groups on Succession Duty legislation, the enquiry going back three years, from which no recommendations have emerged because there has been wide difference of opinion on primary questions of statutory structure and policy. We have concluded that these questions should be the subject of a formal research study, which groups composed of busy professional men cannot be expected to undertake. Such a study would present solid grounds on which recommendations for amendment can be considered. These three topics are mentioned by way of immediate illustration that the Foundation is in no sense committed to the single field of the Income Tax Act.

In retrospect, however, it is clear that the Foundation has been

preoccupied with the Income Tax Act, and as this has been a significant part of the past five years' experience it deserves special mention. Several factors combined to cause this preoccupation. One, already mentioned, was the circumstance that the general revision of the Act occurred just as the Foundation was starting. Another was the primary place of the income tax in the thinking of tax-minded people, reflecting its central position in the whole tax system. Another factor was the very wide scope of structural changes introduced into the Act after the recodification stage of revision, as regards such matters as "private companies," capital cost allowances, and so on.

The Foundation was naturally precipitated at once into the deep end of this situation. We have now come to the shallow end. The aftermath of the revision has settled down; major structural changes that were clearly necessary have been effected; practitioners have learned to live with the new Act and now take it for granted. I am not suggesting that reform of the income tax in Canada is now a closed episode. On the contrary, I believe it is a matter of continuing development. But I do believe that the major problems that were outstanding at the end of the War have now been dealt with for better or for worse. This opinion is based more than anything else on the virtual cessation of communications to the Foundation on matters of policy in the statutory sense, and the generally negative response that we now receive in reply to questions as to major structural changes still required.

It is therefore clear that the income tax as a target of study and recommendations can now be divided into two distinct levels of significance. On the one hand are points of difficulty requiring adjustment in the technical provisions of the Act which accountants and lawyers encounter in the course of practice; and it seems inevitable that though the points may change, this situation will continue and perhaps get worse, because high rates inevitably breed more complexity. On the other hand are underlying questions of policy and structural reform which should not be pressed until preferable courses of action have become a matter

of recognized agreement, but which challenge investigation now or later. Examples of the latter are the treatment of the family unit, the underlying principles of corporate taxation as affected by all the recent relieving amendments, the treatment of irregular incomes under high progressive rates, the central definition of "income" itself, the alignment of the tax frontier with respect to other countries, and so on. At present there is no agreed view and common sense of urgency on questions such as these, and unless the Foundation takes the initiative in investigating them they are unlikely to receive the public attention they deserve.

**Working Relationship Between the Foundation
and the
Joint Taxation Committee of the Parent Associations**

The distinction just made between two levels of continued work on the federal income tax corresponds with the indicated division of functions between the Foundation and the Joint Taxation Committee of the two parent Associations, whose initiative gave rise to the idea of the Foundation in the first place. Ever since the Joint Committee was constituted, it has represented the two Associations as regards the experience of their members as tax practitioners under the Income Tax Act, being the clearing point of the work of their provincial sub-committees on taxation, which are organized with a view to forwarding recommendations to it for submission to the government. The Foundation, on the other hand, in keeping with its work in other directions as well is equipped to undertake research into features of the income tax on which experience in tax practice cannot alone furnish grounds of decision. The two agencies are thus well suited to divide this field of work between them in accordance with their respective responsibilities, and to work together on the basis of functional advantage. The Joint Committee has the benefit of the Foundation's work, including the annual tax conference, while the Foundation has the benefit of the Joint Committee's advice respecting income tax questions at the second level that require

extended study. There is also a close personal relationship. The members of the Joint Committee are members of the Tax Foundation, and some of them serve as Governors, while the Foundation's staff is represented at the Committee's meetings.

It is desirable that this relationship and division of responsibility should be defined clearly as we emerge from the aftermath of the income tax revision. At the beginning, the circumstances which caused an immediate concentration of interest in revision of the income tax naturally created general expectation that the Foundation would take a leading part in the matter. The Foundation did take a leading part, and representations were made to the government at various stages arising out of the work of special committees and out of the tax conferences. In as much as the Foundation's submissions substantially reflected the views of its professional members, there was thus a potential element of duplication between the two agencies, which, however, was generally prevented or minimized by agreement between them. Speaking for myself, it was my own view at the beginning that the Foundation would be better equipped to do justice to its position if the sponsoring Associations were prepared to endow it with their organization, experience and official credentials in this respect. But there were strong reasons against this course in view of the responsibilities of both Associations to their own members on a national and provincial basis. Meanwhile this question has been resolved by the progress of the work on the income tax to the position stated above. It is now clearly understood that the Joint Committee will continue to represent accountants and lawyers as practitioners under the Act, in collaboration with the provincial organizations of both professions, the Foundation handling problems of policy or structural reform at longer range, and the close working relationship between them continuing. Having regard to the division of interest that this particular field now presents, and the work to be done at both levels, I welcome this conclusion from every point of view.

Conclusion and Prospect

I said at the beginning of this report that the Foundation was not built from a blueprint. Perhaps you would agree that it is better described by saying that it has grown organically and has thriven from judicious planting in a vigorous climate. These are figures of speech. The Foundation is really a group of responsible adventurers working to promote peace, order and good government with respect to the chronic dilemma of the modern state, which is how to collect money that people regard as their own affair, to finance benefits that they regard as the government's affair, on terms that can preserve unimpaired the worth of money, benefits, government and people together.

The idea of organic growth, however, speaks for the future too. The wider scope of work in prospect, carrying on what has been begun, can be summed up in the following points:

- (1) Representations to the tax authorities, when justified by findings, will be extended beyond the income tax and outside the federal field. As regards the federal income tax, responsibility will be shared by agreement with the Joint Taxation Committee of the sponsoring Associations according to the division of functions described above.
- (2) The annual tax conference will be supplemented if possible by smaller conferences at other times of year convened from groups of specialists, or on a regional basis, to consider individual topics.
- (3) Conference discussions will be based increasingly on prepared material issued by the Foundation's office in order that they may be directed to the products of research with a view to practical conclusions and recommendations by the Foundation.
- (4) Research projects by outside workers, as well as by the Foundation's staff, will be developed within the terms of reference indicated in this report as far as resources of available workers and funds allow. The results will be

published as may be appropriate in any of the forms already marked out by the University of Toronto Press series, the *Canadian Tax Papers*, Occasional Papers, or the *Tax Bulletin*.

- (5) Closer relations will be developed with Canadian universities on mutually advantageous lines by consultation with faculty members, provision of material for use of classes and seminars, counselling of research students in fiscal problems, and encouragement of graduate studies in the manner initiated by the M. L. Gordon Fellowship, or in other ways.
- (6) An attempt will be made to develop the *Tax Bulletin* by degrees from its present status of a house organ to that of a journal of informed opinion dealing with Canadian fiscal problems.
- (7) Public meetings wishing to hear discussion of taxation and related topics will be provided with speakers so far as opportunities and convenience allow.
- (8) In these and other practicable ways, every effort will be made to create and stimulate informed opinion on taxation and fiscal problems of government, in the parts of the community where opinion is formed.
- (9) In order to do these things it will be necessary to enlarge the Foundation's staff moderately and to increase its financial resources substantially. It will also be desirable to expand membership outside the ranks of the sponsoring professions, as well as within them, and to widen the circle of the Foundation's friends in other countries, keeping contact with corresponding work elsewhere.
- (10) In all of the foregoing activities the Foundation's recognized standing as an independent and disinterested organization will continue to be safeguarded by the conditions in this respect that have governed its operation hitherto.

I now hope that we shall not be expected to report the full accomplishment of these objectives until another five years have elapsed. Given wider support of the same quality as the Foundation has received so far, they are well founded.

In conclusion, I wish to associate my own personal sentiments with the Chairman's statement concerning the late Mr. Auxier, Mr. Gordon and Mr. Munnoch. I knew each of these gentlemen well and received much help and encouragement from them. I shall miss their help but will remember their encouragement.

I also thank Mr. Carter and Mr. Calvin, with all other members of the Executive Committee and Board of Governors, for their guidance and leadership during the past year, and for their patience on occasion. My report is in part the record of their efforts on the Foundation's behalf. In other respects this report is the record of the efforts of my associates on the Foundation's staff. I admire them as a group of people who know how to work together, and in view of the work in which we are engaged I am constantly grateful for their energy, good humour and common sense.

Respectfully submitted,

MONTEATH DOUGLAS
Executive Director.

Toronto, Ontario
6th March, 1952.

Appendix to Executive Director's Report

RESEARCH PROJECTS COMPLETED,
IN PROGRESS OR UNDER ACTIVE CONSIDERATION

1. Projects Completed

(The following list shows *research projects as such* undertaken by or for the Foundation, as of date of completion, with details of publication where applicable. It is not a list of *publications as such*, and excludes items of comparable interest which did not originate in the Foundation's research programme. Included are preliminary studies completed within the compass intended which still leave the subject open for further consideration.)

1951 *Taxation in Canada*, by J. Harvey Perry. Published by University of Toronto Press, 1951.

Taxation of Corporate Income in Canada, by J. R. Petrie. In press — publication by University of Toronto Press, 1952.

Municipal Business Tax in Canada, by R. M. Clark, Canadian Tax Papers, No. 5, 1952.

General Manufacturers Sales Tax in Canada, by J. F. Due. Canadian Tax Papers, No. 3, 1951.

Retirement Benefits under the Income Tax Act, Report based on staff memorandum for Fourth Tax Conference, *Tax Bulletin*, Vol. 1, No. 5.

Definition of Income vs. Capital, Staff memorandum for Fifth Tax Conference, *Tax Bulletin*, Vol. I, No. 6.

Deferred Capital Cost Allowances, Submission based on staff survey, *Tax Bulletin*, Vol. 1, No. 4.

1950 *Mitigation of Tax Penalty on Irregular Incomes*, by John Willis. Canadian Tax Papers, No. 2, 1951.

Depletion under Income Tax Law, U.K., U.S.A. and Canada, with special reference to Oil Operations, by G. M. D. Blackstock. Memorandum for Fourth Tax Conference. See Data Papers.

Distribution of Corporate Surplus under Part 1A, Income Tax Act. Study Group report based on staff survey, Memorandum for Fourth Tax Conference. See Data Papers.

1949 Double Taxation, Undistributed Profits and Private Companies, Staff memorandum for Third Tax Conference, and Report thereon.

2. *Projects (a) in progress; or (b) under active consideration, awaiting approval subject to Foundation's 1952 budget and available workers.*

(a) Administration of Tariff Laws, by G. A. Elliott. Sponsored jointly with Canadian Institute of International Affairs.

History of Canadian Taxation, by J. Harvey Perry. Second part of survey of Taxation in Canada.

Provincial Corporation Income Taxes, by Staff. Temporarily discontinued, now subject to resumption.

Dominion-Provincial Financial Relations, by Staff. Review of present position, substantially completed and awaiting revision and publication on announcement of conclusion of current negotiations.

Fiscal Policy in 1952, by Staff.

Review of background of forthcoming Federal Budget, for publication beforehand in *Tax Bulletin*, Vol. II, No. 2.

(b) Provincial Sales Taxes, a field survey, by J. F. Due. Projected for summer, 1952.

Incidence of Taxation in Canada, by group of research economists, Toronto. A reconnaissance survey projected for summer, 1952.

Financing Health Insurance, by Staff. A study of principles for publication in anticipation of legislation.

Tax Treatment of Co-operatives, by an outside worker. A review of Canadian Legislation and experience thereunder.

Succession Duty Legislation, by an outside worker. Structure of the Canadian Act and experience thereunder in relation to Provincial Legislation.

THE Canadian Tax Foundation is a non-profit organization, established by the joint action of the Canadian Bar Association and the Canadian Institute of Chartered Accountants to encourage and undertake study in the field of taxation in Canada. Its work is directed towards the improvement and wider public understanding of the Canadian tax system.

The Foundation has no political affiliations and is not an advocate for any class or group of taxpayers. It is supported in the public interest by private donations.