

ANNUITIES TAX TO BE IMPOSED, HEPBURN HINTS

Will Probably Follow
Ottawa, He Says; Backs
Succession Duties Act

NEEDS AMENDMENT

Amendment of the Income Tax Act to make life insurance annuities taxable, in line with tax changes forecast for enactment at Ottawa's first wartime session, was hinted yesterday by Premier Hepburn in debate on the Address in reply to the Speech from the Throne in the Legislature.

"We follow the Dominion Government fairly closely on taxing legislation," he said, "and will probably do the same."

Except for an avowed intention of securing an amendment to the Succession Duties Act, rather than face another court controversy, it was the only mention of tax changes in the Premier's address. Rather, the Premier emphasized the Government's policy of controlling expenditures and stressed that the Government was not quarrelling with the inroads made on Provincial revenue by Federal taxation arising from war expenditures.

Defending the record of his administration over the past five years, Mr. Hepburn first dealt with the Succession Duties Act. "This Government has been under the most vicious attack by those who opposed the collection of the succession duties. I have been labelled a blackmailer due to the alleged viciousness of the act," he said.

Hits Abuse of System.

He said the act was a necessity as "a levelling out process" and defended the capitalistic system, "if it was not abused. But some great capitalists hire lawyers to find every means possible to evade payment of the taxes, and we are constantly trying to catch them in our net."

Premier Hepburn reviewed the action taken on the bill during the special session last fall, and said that "in order to keep abreast of the times," the act would be amended during the present session.

"We did everything possible to make the bill foolproof during the last session," he said. "The Attorney-General's Department employed outside legal talent in drafting the measure. It was then turned over to Treasury Department officials to see if it worked in practice, and they expressed some doubt. Rather than face another court controversy, we have decided to amend it."

Ontario, said the Premier, was leading the way on the continent toward eradication of tuberculosis. Even now, he said, on the evidence of doctors, the effects of the compulsory pasteurization bill had had effect in reducing the number of cases of bovine tuberculosis in the hospitals.

Iron Production Aided.

He paid tribute to the Conservative Administration which passed a bonus bill to encourage the development of iron production in the Sault Ste. Marie district. As a result of that and a subsequent ore subsidy, 4,000 men were gainfully employed and Canadian-produced iron was competing successfully with that of England and the United States.

Furthermore, as a result of the ore subsidy passed by his Government, said the Premier, Sir James Dunn of the Algoma Steel Corporation had been able to go before the War Supply Board and declare that, to meet the needs of war production, it was possible to step up production by 1,700 tons per day.

The Premier believed the Government was deserving of no little credit for having controlled expenditures. He was confident, also, that by careful administration, even in time of war, home owners could be relieved in some measure of the tax burden.

Points to Savings.

The criticized cancellation of Quebec power contracts relieved the Province last year of the difference between \$12,000,000 and \$7,550,000, he said. During the period of Hydro administration under fire of the Opposition, rates to rural consumers were reduced, "and 113,000 farm homes are calling this Government blessed because it reduced rates."

The elimination of the provision that payment for purchased power might be made on call in New York funds saved the Province last year \$429,000, he said.

"I am not fearful of facing the electors of Ontario when we make an appeal—and none is contemplated now—and believe that when we do they will give us the same smashing victory they did in the historic campaigns of 1934 and 1937," said Mr. Hepburn.

The debate was adjourned by Colonel Fraser Hunter (Liberal, St. Patrick). The Premier said that, if it was impossible to introduce a sufficiently large legislative program to occupy today's sitting, the House might continue with the debate.