

convey a highly interesting lesson to those who habitually profess to believe that landed property in this colony is so owned as to secure anything approaching the largest possible production from it.

Touching the principle of a graduated land-tax, the Committee will probably desire to learn how its incidence bears on wealth compared with the taxation paid by members of the working-classes. I will endeavour to show the amount of taxation paid through the Customs respectively by an artisan and a labourer, each having a family of five, the former receiving 53s. a week or £137 per year, and the latter 39s. a week or £101 per year. The artisan would pay in duty £12 10s. 4d., equal to 9·1 per cent. on his earnings, while the labourer would pay £11 11s. 5d., or 11·4 per cent. on his earnings. This allows for no broken periods, or for periods of sickness or non-employment, during which the earnings might cease, while the paying of duty at least to some extent would continue. Let us now see what the owner of land worth £105,000 would pay in a graduated land-tax. Deducting £3,000 for improvements, a 1½d. tax will amount to £690, or about 9½ per cent. on an assumed income of £7,350. In addition he might pay 3 per cent. on his income to the Customs. The result illustrates how inequitable has been the system of taxation prevailing in this country, and exhibits one efficient cause of the tendency of wealth to accumulate rapidly, in the hands of a few. Assessments will be made of both the improved and unimproved value, and it is hoped that the efforts will be more successful than in the past to secure a fair and even valuation, for there is reason to fear that many of the larger estates have not been assessed at their fair cash value. It is proposed to give greater power to the Tax Commissioner in order to insure a more equitable result.

How a graduated land-tax bears on the wealthy compared with the working-classes.

Tax Commissioner to have greater power. Income-tax.

Having dealt with the land-tax and its incidents, I now come to the consideration of a tax on incomes derived from trade and commerce. We believe the property-tax to be grossly unjust in its operation, imposing without discrimination burdens on capital whether productive or unproductive, and discouraging industry. For this obnoxious form of taxation we intend to substitute an income-tax of a shilling in the pound. There will be an exemption of £150, and a deduction by way of abatement of a like amount from incomes which do not exceed £600.

Companies will be subject to the same rate of income-tax: but it will be understood, in all cases where income-tax is charged, that it will not be levied on profits derived from land, which is reached by the land-tax. Under the heading of "companies" are included all joint-stock corporations, banks, shipping, fire and marine insurance, and gold-mining companies. There will not be any exemption in the case of companies. The revenue derived will not be so large as at present; but the incidence of the tax will be more equitable, and those corporations which are in a progressive stage will be treated leniently, while those that are making large profits will pay proportionately.

Companies to be subject to income-tax, except on profits derived from land.

Life-insurance associations are at present charged 1d. in the pound on the amount of their funds invested in the colony. We propose to charge an income-tax of 1s. in the pound on the income derived from personal property in the colony, but land-tax will be charged on their land. It is estimated that they will not be so severely taxed as in the past, and the alteration will, I think, serve as an encouragement to invest in the colony, and will, I am glad to say, afford some relief to institutions that are serving a most beneficial purpose.

Life-insurance companies to pay an income-tax.

In order to prevent misconception, it will be well for me to state distinctly that income-tax will not be levied on any income derived from land or from money lent on mortgage. Such property will be subject to land-tax only.

Income-tax not to be levied on income derived from land or from money lent on mortgage.

In charging tax on incomes derived from professions, and from occupations in which profit is not made from capital, and on salaries, we propose to exempt all incomes of £300 and under, and to deduct £300 from all incomes above this amount. An income of £500 will therefore pay on £200; and an income of £1,000 on £700, with a rate of 3d. in the pound on the first £200 over the exemption, and 6d. in the pound above that amount. A person in possession of £500 income will pay under this proposal £2 10s. per annum; in possession of £600, £5 per annum; of £700, £7 10s. per annum; and so on,

Proposed exemptions in charging income-tax.