

Considering the comparative independence of those in possession of salaries or incomes above £300 a year, the smallness of the rate will commend itself as fair. On the other hand it will be recognised that possessors of such incomes should not be asked to contribute the same proportion as those who derive their incomes from property.

Income-tax not more inquisitorial or vexatious than property-tax.

Referring generally to the alleged inquisitorial character of an income-tax, I beg to assure the Committee that I have given this my most careful consideration, and I fail to discover any reason why the assessment for an income-tax should be more vexatious to taxpayers than that for property-tax purposes; and I am convinced that it will be possible to so adjust the mode of collection as not to increase—at all events—the inconvenience of the taxpayer.

Land- and income-tax estimated to yield £350,690.

I have now to bring together the estimates of land- and income-tax, of the amounts receivable under the different schedules of the Bill. Land-tax, including land and mortgages, under Schedule A, £266,847. Income-tax under Schedule B, including banks, life insurance, gold-mining, fire and marine insurance, and other companies (omitting profits from land and mortgages), and companies' debentures other than mortgage debentures, £47,300. Income-tax under Schedule C, from trade and commerce, £40,000. Income-tax under Schedule D, professions and salaries, £15,000. These amounts added together give a grand total of £369,147. Pending the results, however, of the triennial valuation of property shortly to be made, and the receipt of income-tax returns, it will be safe to deduct from the total estimate 5 per cent. as a margin, thus arriving at a total net revenue of £350,690. At the end of the present year—the new system not coming into force until next March—the different estimates will be revised in the light of the returns, and it will then be possible to make a more accurate forecast of the receipts.

Direct taxation will be adjusted by present proposals.

The proposals I have the honour of submitting to the Committee will tend, I believe, to adjust the direct taxation of the country in accordance with the capacity of the different classes of the community to bear it. The exemption of improvements up to £3,000 on land affords a material relief to the farmers and improving landowners, while it directly encourages thrift in conveying the intelligence, that industry and labour no longer mean additional burdens. The graduation of taxation on the large estates is in accordance with the principle of the equality of sacrifice, and will act in the direction of placing a check on monopoly.

Fairness of proposed policy.

New Zealand is a colony of comparatively limited area, and it is for the people to say whether the land out of which all must live shall be widely distributed or whether it shall be held by a privileged number. Our policy, we believe, raises the issue in the most practical form, while it will be seen not to be unfair when we compare the taxation contributed by different classes. The abstract fairness of an income-tax on profits derived from trade and commerce has never been questioned. Our change in this respect gets rid of a number of exceptional taxes which rest on no principle, substituting a simple tax on profits realised. The comparatively light income-tax under the head of salaries and professional incomes will fall only upon those whose positions enable them to contribute it without inconvenience, the exemption of £300 affording ample protection to all who will come within the limits of the Schedule.

Change in the incidence of taxation demands consideration.

If, on the whole, we have not gone far enough in the opinion of some, or too far, in the opinion of others, we ask for that consideration which would weigh the difficulties of a large and comprehensive change in the incidence of taxation—the difficulty of providing sufficient revenue to meet the necessities of our finance, and at the same time relieving the industrial classes from the crushing effect of an unjust system. If we have not accomplished all that some anticipated, our proposals at least will have gone a very great distance towards the end we have in view.

Land-tax of 1878 would have produced fairest system of taxation.

Had the land-tax of 1878 been retained and improved we should by this time have had, perhaps, the fairest system of taxation of any country under the British Crown; but the retrogressive step taken a year later has produced the opposite result, and we now are in the position of those who have been wandering on the wrong path and are forced to cautiously retrace their steps. It is in the