

In Victoria it is 1s. ?—Yes; and in Queensland it runs up to about 3s. 9d.

But that is only where the percentage is very large ?—It strikes a good many companies. Then, the individual taxation under the Commonwealth law alone runs up to 8s. 9d. I will give you a comparison of those rates with ours—that is, without the State tax.

My point is not in connection with individual taxation: you are getting the greater part of your tax from companies ?—Yes.

Now, I have here one of your returns, that for 1921–22, which shows that the total assessable income from companies was £12,722,000, and that the tax was £4,515,000: that assessable income of companies was all their income ?—Less whatever deductions there were—of 5 per cent.

So that the assessable income was the whole of their income ?—Yes.

That income was the property of the people who had invested in the companies ?—No.

Whose property was it ?—It was the property of the company. The shareholder only has the right to participate in profits and assets when liquidated.

The company is the property of the shareholder ?—No. The holding of shares in a company merely gives the shareholder the right to participate in the profits of the company, and in the assets in the event of liquidation.

Well, a company is owned by its shareholders, and the shareholders can do what they like with the company, or, rather, a majority of them can ?—Yes.

At any rate, the whole of that £12,000,000-odd was assessable for income-tax ?—Yes.

In addition to that the total income assessable for tax was £38,438,000, and if you deduct the £12,000,000-odd you would leave £25,623,000 ?—Yes.

But that did not represent the whole of the returns of those persons, because the exemptions were deducted ?—Yes.

And all the small incomes that had not any taxable balances were excluded ?—Yes.

Can you give us any idea of the proportion that you excluded ?—You will get an idea from the later report.

Could you give us roughly an idea ? I think you told us it was about half-and-half. It would be well if we could have the total amount that was not assessable—that is, the exemptions plus the exclusions. The total returns would be made to you when you would throw out all those that had no assessable income at all ?—We never had any information about that until we got out this return.

So that this taxable balance is less than the exemptions ?—Yes.

But with the companies there are no exemptions ?—No; but then those individual taxpayers pay heavy unidentified taxation.

But I mean to say that, after all, that £25,000,000 of assessable income was the property of individuals who had various sources of investment, and that £12,000,000 was equally the property of another lot of individuals ?—That is where we differ. You are wanting the companies to blow hot and cold. For the purpose of trade they want the privilege of corporate trading.

If these things were in England, except for the small corporations-tax, there would be no difference between the £12,000,000 tax and the £25,000,000 ?—Yes; but I do not agree with that.

That £12,000,000 from companies would have the same exemptions as individuals in England ?—No; there are variations. There are only certain persons getting exemptions.

But if I am returning my income-tax at Home I include dividends ?—If you are returning for super-tax, yes.

I include dividends, and if I have not got enough to be taxed I am not taxed ?—That is so.

The dividends are no different to any other investment ?—That is so.

But here there is no exemption on this £12,000,000, and there is an exemption of approximately half on the personal incomes ?—Yes; but what about the income of corporations that is not divided in England ?

In England the undivided profits pay about the average tax of the whole community—about 1s. in the pound corporation-tax, and that is small ?—There is a good deal escaping taxation there.

In England that £12,000,000 would be treated the same as personal incomes. Here you only tax half the personal incomes, the other half comes in for exclusions ?—Yes.

So that you really had returns of approximately £50,000,000 from personal returns and £12,000,000 from companies ?—That is so.

That £50,000,000 from personal returns paid in tax £1,750,000, or about 8d. in the pound, whereas the companies' £12,000,000 paid 7s. 1d. in the pound ?—Yes, they have the larger incomes.

What I want to bring out is this: that the effect of the New Zealand system is that on the personal incomes there is an average tax of 8d. in the pound, while on companies there is an average tax of 7s. 1d., and on the English system they would all be alike, except for the corporation-tax ?—Yes, and the super-tax. They have to bring in provisions to prevent evasions.

But the companies do not pay super-tax in England ?—They do under certain circumstances. They have had to bring in provisions to that effect. If there is a certain profit undivided, the Commissioner of Inland Revenue can assess the undivided profits as if they were distributed and charge super-tax on them.

That is only where a company has held up its profits ?—Yes; they had to do the same in Australia.

But the ordinary commercial company paying steady dividends pays no super-tax ?—That is so. There is some tax escaping.

The point I wanted to show is that under the New Zealand system companies incomes pay 7s. 1d. in the pound, while personal incomes pay 8d. in the pound, whereas in England they are almost on the same basis ?—Yes, because the higher incomes are held by the companies and the lower ones by the individuals.