

place it is looked upon as unfair to be asked to pay a tax on one's stock-in-trade when such stock-in-trade happened to show a loss on the year's working. It is considered inequitable because the tax amounts to a property-tax, or, as it often has been called, a capital levy on something which in many cases one does not actually possess. I am referring, of course, to the fact of having to pay land-tax irrespective of encumbrances. The exemptions provided by the Act afford, of course, a certain amount of relief, but in no way effect the principle of taxation. Neither do we think that land-tax as applied to-day has the effect it was intended to have—namely, the prevention of aggregation—for there are many loopholes which are quite effective and even legitimate if required. The effect of the present land-tax is to tax the producer, whether he is making a profit or not, and whether he holds an equity in his property or not. It further taxes the man who lends him the money on mortgage, and in order to recoup himself the latter raises his rate of interest, and so the vicious circle is completed and the producer pays every time.

Speaking of the company-tax, and stating my own personal opinion, although not in favour of a complete remission, I think a considerable modification would be of indirect help to the producers as a whole. Large lending institutions, which one time made a speciality of advancing money on farm properties, have practically gone out of the market completely. I do not think that the sole reason for this is to be found in the high rate of the present company-tax, although such may be a contributing factor, but that part of the reason are the tempting investments in gilt-edge securities, which, of course, prove more remunerative and show a smaller risk than investments in real estate. For the same reason I think that a readjustment of investments, even with a remission of the present company-tax, would be a very small one, especially as long as such other securities are obtainable. Other retarding factors are, of course, the high price of land, and the extreme fluctuations in the value of produce. I do not favour a complete abolition of the company-tax, for the reason that the principal lending institutions in this country—and I am specially referring to banks—have been during the past few years making profits and paying dividends in spite of a heavy company-tax, which would certainly have justified a lower rate of interest being charged by these institutions. The producers are naturally asking themselves the question whether complete abolition of the company-tax would have the result of lowering the rate of interest, and if they thought that some benefit was to be derived in this direction they would certainly be in favour of some modification in regards to this tax.

In conclusion I might say that the main concern of the dairy-farmers is not to be once more saddled with both land and income tax. He has no objection to paying his fair share of taxation provided he is financially able to do so. He thinks that the Government should assist him in every way, directly and indirectly, to put production on a payable and profitable basis, by adjusting taxation in such a way as will—(1) Make available the necessary capital for renewing his mortgages and improving his land; (2) lower rate of interest; (3) lower cost of production. It is only by these means that he will be able to tide over his present difficulties, keep up and increase his production, and place the dairy industry on a safe and prosperous basis. The Dairy-farmers' Union is not so much concerned with proposing or advocating certain methods of taxation as in stating the producers' present difficulties and handicaps to the Commission, in order that, when making their recommendations to the Government, the Commission may take these difficulties into consideration.

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