25 April 1907.

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DOUBLE INCOME TAX.

Dr. JAMESON: Mr. Asquith, we have stated and re-stated this case frequently and I think it is fairly rightly stated in our resolution: "That it "is inequitable that income tax be levied in the United Kingdom on profits "made in the British Colonies and possessions, upon which income tax has "been paid in such Colonies or possessions, and it is equally inequitable that "income tax be paid in any British Colony or possession on profits made in "the United Kingdom upon which income tax has been paid in the United "Kingdom, and that representations be made in the Federal Government to "urge the repeal of enactments imposing double income tax on British "subjects by the laws of the separate States and Great Britain."

I think you will remember, Mr. Asquith, that about eight months ago when I was at home the De Beers Company came and put the case before you, and I had the pleasure of seeing you afterwards and we got at that time what, I am afraid, we rather expected to get—an absolute *non possumus.* We recognise that judgment has been given against us in the test case of De Beers by all the various courts going up to the highest, so that, of course, as the law stands, we recognise that we are liable. What we ask is—and it is a very large "ask," no doubt—that there should be legislation introduced in the Imperial Parliament altering the law. That is the only way in which our people can get relief at all. At present the position turns on the difference as to where profits are earned and where they are spent practically, and we know that we can only get relief from this double income tax upon income which is earned in the Colony, or in General Botha's case, where he has not got an income tax at present but probably may have later on, if in any case the money is actually earned in the Transvaal, when there are various shareholders outside the Transvaal, not only here, but abroad—I mean, not only in the United Kingdom, but in Europe generally—and General Botha takes the view which we take in Cape Colony, that if there is to be any taxation on those earnings, it ought to go to the State in which the earnings are created.

I do not think I need elaborate the case. It is simply as to whether the Exchequer can see its way to introduce such legislation as would exempt us, in Companies where the whole production takes place within our Colony, from the taxation of shareholders living there. There are two ways of doing the thing, as to shareholders living in the Colony itself, and as to people living in England. The usual method of collection at the present moment is that the Company deducts the total income tax, whether in the Colony or in England, from the total amount of profits earned, and, therefore, the Colonial shareholder is hit twice in our case, and we think he ought not to be; and the same in General Botha's case. Representations have been made from the foreign shareholders in the particular case of the De Beers Company where the test case took place against it. Of course, the Colonial shareholder also feels it, and he has made violent protests against it.

There is the point, possibly, that abroad or in the United Kingdom where money is spent and the man living, he may have to pay his income tax, but surely for the Colonies themselves, for the individual Colonial shareholder, it seems to be inequitable that he should be taxed for money earned when those earnings are spent within the Colony itself. Perhaps he never visits anywhere except in the Colony, and yet he has to pay this tax to the English Government besides the ordinary taxation he has to pay in his own country.

There is a small point also which was brought forward at that time, that supposing the companies did not practically collect the income tax for the Imperial Government here and that they had to collect it from the individual shareholder themselves, which, of course, would be in the power of the company, then probably the Treasury here would lose a good deal of money. That is merely a small side issue, and roughly the position