

the dividend which would otherwise be payable to him his proportion of the income tax. The thing we have to deal with, the taxable entity, so far as we are concerned is not the individual shareholder; we have no concern with him; it is the Corporation, the artificial person who is making the profits, and who, being a person now under our law resident here, is subject to our income tax law. It does not matter whether he owns a mine in Siberia or a railway in South America or a mine in New Zealand or South Africa, the law is applied quite impartially to all and it is always a question of fact in each particular case whether the constitution and the mode of management of the Company is such as to make it effectively and actually resident for the purpose here. If it chooses to transfer its head, its centre, its brain and nerve power, to some other part of the world so that it is no longer in point of fact resident here, then, of course, our claim for income tax ceases, but in that respect the case of the Company is exactly like that of the natural person; either the one or the other have to be resident here and to carry on the main directing power of their operations here to render themselves liable to Imperial income tax.

I do not think that consistently with the general principles which pervade and underlie the whole of our income tax law it would be possible for us to make a distinction in that respect, so that I am afraid on that point I cannot hold out any hope that the Imperial Parliament is likely to alter the policy which has now been persistently and consistently pursued for more than 60 years.

25 April 1907.
 DOUBLE INCOME
 TAX.
 (Chancellor of
 the Exchequer.)

Dr. JAMESON: That has just raised a point, Mr. Asquith, that made us hope there might be a possibility of something being done. We are certainly not here to look after the interests of South America or these various places you have referred to. There is that awful word "Preference" which comes into this like many other things and we are realising, as we are all here now, that the fact that there is a partnership in the various portions of the Empire is becoming more emphasised, and I cannot see a better example of partnership than if we differentiated between the foreigner and the various Colonies on a subject of this kind.

CHANCELLOR OF THE EXCHEQUER: May I interrupt you one moment? I suppose a very considerable number of the shareholders in the De Beer Company are on the Continent of Europe, are they not?

Dr. JAMESON: Yes, the shareholders, but then you told us you are not dealing with the shareholders, but with the Company, the corporate body.

CHANCELLOR OF THE EXCHEQUER: The shareholders are the people who would ultimately benefit, when you come to the question of preference. It is quite true that the operations of the Company are carried on in South Africa, but who are the people receiving the dividends?

Dr. JAMESON: I do not care much who receives the dividends or how much they receive, but I do care that a big Company in a British Colony should be as successful as possible, and I feel that the success of any other Companies following in its wake would be more assured if this great benefit was given to them as a portion of the Empire, leaving out, as you said yourself, the shareholders, and we do not care what the shareholder gets. From one point of view we naturally care what the shareholder gets, but leaving him out altogether and taking the corporate body with its operations within the Colony, if it got a certain amount of benefits probably it would