

10th Day.]

DOUBLE INCOME TAX.

[16 June, 1911.]

Mr. LLOYD GEORGE—*cont.*

we have a large army of income tax collectors, assessors, and surveyors for the purpose of verifying the accounts, and where it is known that every claim which is established involves a loss to the Exchequer. We could not expect a Colonial Government, which had no interest in the matter at all, whose sole interest is the protection of its own residents, to go to the same trouble and to examine the accounts with the same sternness and severity as we would in this country. I do not think if there were a reciprocal case the Colonial Governments would quite entrust that function to us in this country—a function upon which their own revenue would be dependent. Therefore we have either to abandon this altogether and practically say that everybody who is abroad and cares to say that his income is not over 160*l.* should be exempt, or we should have to stick to the present system. My recollection is that it is a matter of 300,000*l.*—I am only quoting from memory. That was the estimate given to me at the time. It runs to 120,000*l.* for the Colonies alone I think. I can look into that amount, but if you take not merely the Colonies, but abroad, it is a matter of 300,000*l.* I have not the exact estimate for the Colonies here at the moment. Our difficulty is purely an administrative one. The same observation applies to this as to the first. We are a great lending country. In the Dominions and in the Colonies they are dependent upon what is earned within their own territories. Up to the present you have not got a great investing public. You have great undeveloped resources, and all the money that is available you spend upon the development of your own country, and spend it very profitably. On the other hand, though we are a very small country we have a good deal of surplus cash and we invest it abroad, and in fact the very exigencies of our international trade make it incumbent upon us to find investments in other countries, because we find that the more money we invest abroad the better is our trade with the countries where British money goes. Therefore, we are not in the same position as you are. Your interest is to invest money in your own country, and you have plenty of country to invest money in. It is not true to the same extent about our country, and for that reason we have to watch with a very jealous eye anything which would deprive us of income tax in respect of money which is invested beyond the four seas.

There was a third point which was raised by General Botha. He made a suggestion—he will correct me if I have not quite apprehended it—that if a resident in the United Kingdom invested his money in the Colonies, he should only pay in the Colonies in respect of that investment the difference between the Colonial income tax and the income tax charged in this country. For instance, if there were a 1*s.* 6*d.* income tax charged either in New Zealand or South Africa you deduct 1*s.* 2*d.* out of that and charge him 4*d.*; on the other hand, if there was a Colonial investor who invested money in this country and paid, let us say, 8*d.* in the Colonies, he should only be called upon to pay 6*d.* here. Is that the point?

General BOTHA: Yes.

Mr. LLOYD GEORGE: I confess that is the first time I have heard that suggestion, and I am not in a position at the present moment to say anything about it. I would like to consider that. That is a proposal I have never heard of before. I am not sure that it has been put before me before in that form.

General BOTHA: I do not think so.

Mr. LLOYD GEORGE: I think General Botha will see the reasonableness of my not giving him an answer straight away upon that point. It is the first time I have been confronted with that proposition as far as I can recollect, and I would like to consider it carefully to see what the effect would be, and I would like to postpone, if he does not mind, giving a final answer until I have considered it.

Dr. FINDLAY: It is much the same principle as now prevails in connection with death duties.