

**BUREAU OF MUNICIPAL RESEARCH**

"TO PROMOTE THE MOVEMENT TOWARD EFFICIENT CITIZENSHIP"

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TORONTO 2

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## OPEN LETTER

To the Mayor, Members of Board of Control and Aldermen -  
 Gentlemen:

We understand that you are about to consider a proposal that legislation be sought to empower the municipalities in Ontario to levy on incomes of over \$10,000 a surtax graded from 3% to 10% on that portion of each such income by which it exceeds \$10,000. This would be additional to the tax now levied on incomes in Ontario Municipalities, the rate of which is based on the tax rate in any year.

May we respectfully request that before your honourable body reaches a conclusion on the proposal you consider the following points:

1. The assessment and taxation of income in Ontario Municipalities is as legally compulsory at present as is the assessment and taxation of real property but, as is shown in the municipal statistics published under the direction of the Ontario Municipal Board, the assessment of income is not uniformly enforced in the various municipalities in the Province and it seems not to be enforced at all in some parts of the Toronto suburban area.
2. Increased income rates on higher brackets would tend to emphasize this condition by making it more worth while for persons with large incomes to take up their residences outside of Toronto, thus affecting adversely, in Toronto, not only income taxes but taxes on realty assessment.
3. The Dominion Income Tax is at present highly "graduated" - the rates reaching 50% on parts of some incomes plus an additional tax of 5% on the amount of the tax on the larger incomes. If to



this is added a "graduated" municipal tax, the burden will be heavy and will induce people to leave Ontario for other provinces which have no income tax. Thus not only Toronto, but Ontario will tend to lose capital.

4. When industries are located, it is decided by high officials who naturally are influenced not only by relative taxes on their industries but by taxes on their personal incomes. Thus Toronto and Ontario will be placed at further disadvantage with regard to obtaining industries.
5. In estimating possible returns from such a surtax on income, it must be borne in mind that the figures for people with incomes over \$10,000 for 1931 may not be indicative of the number of persons receiving such incomes in 1933.
6. While the proposed surtax on incomes might directly affect more than one thousand voters, it would as shown above affect indirectly but seriously the interests of more than two hundred thousand voters.
7. Higher taxation of income also increases the incentive for evasion and as it would not be practicable in smaller municipalities to set up the machinery necessary to check such evasion, the larger centres may suffer by withdrawal.
8. The best bonus to business and industry and citizens employed in business and industry would be a drastic cut in expenditures which would make possible a real cut in taxation. The times demand not a search for new sources of tax revenue, but a determined cutting of expenditures and not merely the passing on to other years of expense which should be met now. While it takes high courage to make the necessary cut in expenditure, there is no reason to suppose that the present Council will not exercise such courage.

Respectfully submitted,

G. H. Muntz,

President.

Horace L. Brittain,

Managing Director.