

revenue. In many respects, it is an ideal form of direct taxation: in theory its incidence is admittedly fair and just, and the experience and machinery for the collection of this tax has been built up over a long period of years. The War, with its increased burden of taxation which, in turn, has made necessary the prepayment of taxes on a "pay-as-you-go" basis, has necessitated changes in the presentation of the statistics. Previously, comparisons for individuals between income assessed and tax paid were subject to the important qualification that, while the *income assessed* related to the net income upon which assessments had been approved for the year designated although the income itself was earned two years previously, the figures of *tax paid* included arrears of taxes that were assessed in previous years and even prepayments of taxes not due in the year under review. Under the present system, large sums of money are being collected month by month from individuals or their employers during the taxation year to which they apply. Analyses of *taxes paid* have not the same significance now as formerly except as indicating the trend of general collections: analyses of taxes *assessed for the taxation year* have now more significance. On the new basis the statistics are related to the year in which the income is earned by the taxpayer and all incomes earned in a particular year will be combined to form the taxation-year statistics for that year regardless of when the assessments are made by the Department.

### Subsection 1.—Collection Statistics

**Collections on a Fiscal-Year Basis.**—Collection statistics are gathered by the accounting section at the time the payments are made and, therefore, have the value of being very up-to-date. Their timeliness has been enhanced within the past few years by the adoption of the "pay-as-you-go" system which results in collecting tax substantially during the year in which the income is earned and, on the average, about ten months prior to the actual filing of an income tax return by the taxpayer. The payments on behalf of most taxpayers, however, are made by their employers and a cheque from one employer may cover the tax payments of hundreds of employees. At this stage, therefore, it is not possible to link the moneys received to the individuals who are, in the final analysis, contributing the tax. Collection statistics, as such, for this reason are not capable of being closely related to the persons who are being taxed and any statistical tables that attempt to describe the taxpayer, such as by occupation or income class, must be based on the income tax return which is filed by the taxpayer many months after the payment of his tax. However, collection statistics, if interpreted along with the tax rate, do serve the purpose of indicating the general trend of income upon which tax is levied well in advance of the assessment data.

The statistics given in Table 1 represent annual collections on a Government fiscal-year basis.