

BANK TAXATION.

The banks have not been contributing to the revenue a fair proportion of the income-tax by comparison with other public companies or private firms. An arbitrary method was adopted on the inception of the land and income tax assessment which has not proved sufficiently elastic to provide for the expansion of trade, so that whilst the revenue derived from trades, manufacturers, &c., has developed rapidly, the proportion contributed by the banks has not increased at the same ratio as it should have done. An increase was made in 1900, but even this has not recovered any of the lost ground. The ratio of the average assets and liabilities to be taken as forming the basis for taxation was increased to 10s. per centum in 1900. Since then the increased prosperity of the Dominion, in which the banks has shared, has further accentuated the position, and there can be no doubt that the banks are not paying a fair share of taxation, and this, as a matter of equity, they should do.

I therefore propose to further increase the rate in order to produce £14,000 per annum additional; but even this increase does not reasonably do so, and I will ask for authority, in order to bring it more into a fair proportion of the total revenue obtained from this source, to increase the charge made under "The Stamp Act, 1908," on the bank note issue from 10s. per cent. to 15s. per cent. This will give £16,000 additional revenue.

GRADUATED INCOME-TAX.

The graduated income-tax needs readjusting on a more equal graduation; it is anticipated that the scale which is appended will produce an increased revenue of about £80,000, and equalise the difference in rates as between firms and persons and companies.

I propose to ask the House to make provision for a system of graduated income-tax upon the following scale, allowing an exemption of £300:—

	£	£		s.	d.	
Under	400	at	0	6 in the pound.
From	401	to	600	"	0	7 "
"	601	"	800	"	0	8 "
"	801	"	1,000	"	0	9 "
"	1,001	"	1,250	"	0	10 "
"	1,251	"	1,500	"	0	11 "
"	1,501	"	1,750	"	1	0 "
"	1,751	"	2,000	"	1	1 "
Over	2,000	"	1	2 "

BETTERMENT SYSTEM FOR RAILWAYS.

In order to prevent the possibility of unpayable railways being established in the country, and that upon careful examination it is found are likely to render a return of less than 3 per cent., I propose to submit legislation to protect the inroad that such losses make upon the general railway revenue of the country by the construction of railways that are not likely to return as low a rate of interest as that I have named. Fortunately, there are but few railways throughout the Dominion that are a drag upon the general railway revenue, and where this is found to be the case an increase in the rates and a lessening of the service over such lines will be necessary. Legislation upon this important matter will be submitted during the session.