SOME NOTES ON THE INCOME TAXATION OF FARMERS*

G. W. AUXIER

Emdenon

The subject of this address involves very little law. It is however a subject that has caused considerable discussion, particularly in the west, and is of potential if not immediate interest not only to Canada's 700,000 farmers, but to many thousands of wage earners and employees who feel that the application of the income tax has been unfair to them.

There was of course a decade during which farmers were not very much concerned with income tax. A great many of the rest of us were not much concerned either but, with the combination of lowered exemptions and increased rates, income tax became of great importance. Not only was our own tax a very close personal problem, but it became important to each of us to see that all sections of the community did their part in sharing the heavy burden of taxation.

The study of the ultimate effect of a particular tax, or a particular rate of tax, lies in the realm of the economist, not the lawyer. Yet, if the lawyer is to appreciate fully the advantages or disadvantages of any prospective tax adjustment, he cannot afford to shut his eyes to the ultimate economic effect, nor can he ignore the political effect, of the change.

The pure economist takes the position that the income tax, steeply graduated, is the only fair and proper tax; to him the sales tax and indeed most forms of indirect taxation are fundamentally unsound. But in Canada the division of the tax field between the Dominion and the Provinces made it necessary — if the Provinces were to have any revenue — that the Dominion confine itself in the main to the field of indirect taxation. For all practical purposes, prior to the first Great War, the total revenues of the Dominion were derived in this way, and in spite of several income tax increases during the thirties, approximately two-thirds of the Dominion's revenues were derived at the commencement of the second Great War from indirect taxes. The recent war and the tax agreement with the Provinces boosted the income tax from this minor position in the Dominion's tax scheme to the point where two-thirds of its revenue was derived from that source.

The experience of the war years, the recent budget and the discussions arising out of the Dominion-Provincial Conference

*An address delivered to the Taxation Section of the Canadian Bar Association at the Association's Twenty-eighth Annual Meeting held at Winnipeg in August, 1946.
have made it quite apparent that, whether in the hands of the Dominion alone or of the Dominion and the Provinces, the income tax will continue to be the principal source of government revenue.

There are some weaknesses in the income tax; it has been said that its principal weakness is that there is so much scope for evasion — evasion that is very difficult to discover. There is also a very real defect in its tendency, if the rates become too high, to discourage the enterprise of those men to whose new ventures and the expansion of whose existing enterprises we look to provide employment. Its tendency in this direction in lower income levels cannot be discounted either. We have all seen its effect in limiting production in such fields as coal mining, lumbering and meat processing.

Regardless then of economic theory, those who are charged with raising the revenue of the country must keep a number of factors in mind. The tax and the mode of collection must be such as to raise the required revenue with the least adverse effect on the economy of the nation. The tax must be equitable or as nearly so as possible. It is extremely important in times of high tax rates that all classes of the community share the burden equally, for only then may the rate be kept at the lowest possible level. It is also important that the tax should not be such as to discourage production or expansion, or interfere with the orderly marketing of goods. Then too the revenue authorities must consider what might be called the political effect, and I do not mean by this the effect on the political party in office at the time. Each class should not only be taxed but should be known to be taxed, and neither the tax nor the method of collection should be such as to cause undue annoyance to the taxpayer. Otherwise the tax is not as effective as it should be.

It is generally conceded that commodity taxes bear most heavily on the poorer classes and for this reason are inequitable. Yet it is seldom that anyone complains about commodity taxes, while we hear continually, and mostly from the lower income groups, about the burden of the income tax. Approximately one-third of our revenue comes from what might be loosely termed "the indirect taxes". One writer in 1943, in discussing the effect of commodity taxes in the United States, estimated that the total burden of the sales tax amounted to 1.6% of income on incomes below $1,000, increasing to a maximum of 6.3% on incomes of $2,500. Over that amount the rate in relation to income gradually diminished, so that the effective rate on incomes of $10,000 or over was roughly one-half, or 3.6%.
A more comprehensive study has recently been made in England of the burden of commodity taxes on different income groups. The amount paid for the duty on tobacco was estimated as follows: for a person with an income of $1,000 the duty was $56.00; with an income of $1,500, $72.00; with an income of $2,500, $90.00; and with an income exceeding $10,000 the duty was $105.00. The application of the tax on sugar is even more enlightening. In the case of a family of two adults only, it was estimated that the sugar tax for a person with an income of $1,000 amounted to approximately $6.30; with an income of $1,500, it amounted to $6.50; and with an income of $2,500 or over, to $6.82.

It will be seen that these ancillary taxes do not distribute the burden equally over the population in relation to income. The reason for this is obvious; a person can consume only so much sugar, tea or tobacco. Perhaps some people in the low income brackets do not smoke and are, therefore, not touched by the particular tax on tobacco, but the same is true of people in the higher brackets. In any event it could well happen that a person having a very substantial income might pay only the same amount of tax in respect of these articles as a consumer with one-tenth the income.

This may seem to have little to do with the taxation of farmers, but it should be kept in mind in dealing with the overall burden of taxes on the income group to which farmers, generally speaking, belong. No detailed study of the burden of the "hidden" taxes has been made in Canada, but it is estimated that they bear most heavily, expressed in terms of percentage of income, on incomes under $3,000. The Canadian Tax Foundation or some equally well equipped body might well consider such a survey and it is to be hoped that, if it does, the results will be given sufficient publicity to show the taxpayers in low- and medium-income groups that from their own standpoint the income tax is the fairest tax of all.

It is apparent, however, that this statement is true only to the extent that the income tax actually reaches the income.

Statistics are frequently misleading, but Canadian taxation statistics do show clearly that there has been a great tax leakage in the direction of the farmer, and I do not believe that any fair-minded farmer will dispute this statement. The most recent official statistics available, which break down the tax among occupational groups, are the assessment statistics for the taxation year 1941, so that we are obliged to use that year for our comparisons. In 1941, according to the Dominion Bureau of
Statistics, salaries and wages accounted for 3½ billion dollars, and the net income from farming operations, 627 millions, of the total national income. For that same year, according to the official income-tax statistics, some 755,000 employees paid roughly 130 millions in tax, or about 3.6% of the total amount of salaries and wages, while 7,372 farmers paid 1½ millions in tax, or about ¼ of 1% of the total income of this occupational group. It might be argued that this is a distorted picture because the employee figures include all the high-salaried executives of Ontario and Quebec. Let us then look to Saskatchewan. It is probably the one province that could with a fair degree of accuracy be called an agricultural province and it contains no great number of extremely high-salaried officials, for the same statistics show that there were in 1941 only 127 taxpayers in that province who had incomes of $10,000 or more. In that year Saskatchewan employees received 123 millions and paid a tax of about 2½ millions, or a little over 2% of total income. Farmers received 107½ millions and paid income tax of 433 thousand or about 2/5 of 1% of net income. In other words farmers, with about 87% of the income of employees in that province, paid only 17% as much tax.

In fairness to the farmer I should point out that these statistics do not tell the entire story. They do not take into account the fact that, generally speaking, farmers’ families are larger and tax deductions correspondingly greater than is the case with employees, many of whom are single. Then too the statistics need some correction due to the fact that the Dominion Bureau figures include receipts from farming operations carried on by corporations, while the taxation statistics used refer to individuals only.

We should also remember that these are the 1941 figures. There has been considerable improvement in more recent years as the Department of National Revenue, hampered throughout by a shortage of skilled assessors, has gradually expanded its organization to cope with the flood of new taxpayers.

The success of the effort now being made to collect income tax from farmers is demonstrated by the resolutions emanating from farmers’ organizations throughout the country and reported frequently in the daily press. It is estimated that for the year 1944 somewhere between 10 and 15 million dollars will be collected in income tax from Canadian farmers. However, even this is insufficient. Figures from the Dominion Bureau of Statistics indicate that for that year salaries and wages will account for
about 5 billions, and farmers' net income about 1¼ billions out of a total national income of 11 billions, while the total income tax collected from individuals is estimated at 756 millions. It is obvious that even 15 million is much less than the farmers' fair share.

Some months ago the Chairman of the Association's Taxation Section suggested that I convene a group at Edmonton to study this problem, with particular reference to the Western grain and stock farmer, and these notes are in the nature of an interim report from the group. Our study has been by no means exhaustive, but we have had several meetings, have interviewed farmers and have discussed the problem, and if we have failed to bring forth any satisfactory solution we have at least succeeded in eliminating from our own minds some of the suggestions that have been brought forward from time to time as an alternative to the income tax. Thus we have narrowed the field for further study. Our self-appointed committee comprised three lawyers, three chartered accountants (one of whom was a former district inspector of income tax) and one economist. We have also had considerable assistance from farmers and from business men with knowledge of farm problems. As a result I feel that most points of view were represented.

The complaints the farmers make are many, but, contrary to the opinion that might be formed from reading the press reports of various farmers' meetings in the West, I am convinced that they do not object to carrying their fair share of the burden, provided the annoying features of the income tax can be eliminated. Above all else they object to the complications of the tax form and the records they must keep in order to complete it properly. One farmer, reported in the *Saskatchewan Farmer* of December 1st, 1942, summed up this complaint in these words: "What the government wants is a nation of bookkeepers. Thank God the farmer doesn't keep books, if he did we would have no farmers."

The complaint next in order of importance is the treatment for tax purposes of a realization or dispersal sale of livestock. Next in order is the demand that the farmer's income should be averaged over a period of years, which has been met, satisfactorily I believe, by the amendment now before the House, permitting the averaging of income over a three-year period. The other complaints, all of a minor nature, deal with such matters as failure to allow sufficient depreciation on the family car when used for farm purposes, the refusal to allow the farmer's wife any remuneration for her work, the failure to permit deduction of wages paid to
household help and the inclusion as taxable income of the value of farm produce consumed in the household.

At the outset we attempted to obtain some information as to the tax treatment of farmers in other jurisdictions. Comparisons, it is said, are odious, and in any event it is difficult to compare any particular tax as between nations without complete knowledge of their local conditions and overall tax structure. It appears however that in the United States, as in Canada, farmers have the option of filing on a cash or an accrual basis and, although in that country farm produce used in the home is not considered income and depreciation is allowed on breeding stock (and leaving out of account of course the capital-gains tax), the method of assessment there would appear to be almost identical with that in effect here.

In Australia, so far as can be ascertained from a study of the Commonwealth Income Tax Assessment Act, all businesses must file on an accrual basis, and business includes farming. This act provides specifically that the amount by which the value of trading stock, including livestock, on hand at the end of the year exceeds the value of the trading stock on hand at the beginning of the year must be included in the assessable income of the taxpayer. It might also be noted that the British and Australian authorities, which indicate that the proceeds of a realization sale do not constitute income, are definitely made inapplicable by the new Australian act. Australia permits averaging over a five-year period in the case of farmers, but it does not, like the United States, permit depreciation on breeding stock.

In 1806, when the income tax was re-introduced in Great Britain, there was a special schedule providing for the taxation of those engaged in husbandry. This tax was not based on the net income, but rather on the annual value of the land, apparently on the assumption that the value of the land had some relation to the revenue that could be produced from it. It was a rough and ready method and had the effect of applying the income tax to all farmers. Later, farmers were given the option of paying tax under Schedule D, the schedule under which businesses were taxed. But by the Finance Act of 1941 assessment under Schedule D was made compulsory for those farming lands with a gross value of over £300, and by a further amendment in 1942 the limit of £300 was reduced to £100, and the assessment increased on those still under Schedule B from the annual value to three times the annual value. The result is that most British farmers are now taxed and, in the main, taxed on the same basis as other businesses. Apparently the British farmer, if under Schedule D, has no option
but to accept the accrual basis, livestock being valued at cost or market, whichever is lower, and in the case of livestock bred on the farm at market less 15%. Breeding stock will be charged to capital and not to revenue, except for home-bred animals added to the herd, the cost of which will have been allowed already against revenue.

With this information, we attempted to devise some plan that would raise from the farmer his fair share of the expenses of government, would be equitable as between members of his occupational group and would yet take care of his main complaints and interfere as little as possible with the orderly marketing of his produce.

Most farmers interviewed said they would prefer to file on a cash basis. The idea of complicated inventories, and the calculation of the cost of natural increase in a herd of cattle and of the cost per bushel of threshed wheat, filled them with dismay. But there are few, if any, businesses in which a simple cash statement would be more inappropriate. Crop hold-overs, frequently necessary through bad threshing weather in the autumn or the quota basis of wheat-marketing, blocked roads that prevent the marketing of livestock in the last months of the year, and the accumulation of natural increase, render the cash statement in most cases misleading. The cash basis of reporting income also interferes with orderly marketing. One farmer friend told me of a small area in the Province of Alberta where last autumn an estimated \( \frac{1}{4} \) million bushels of wheat remained unsold simply because of the tax situation, and this in spite of the world’s immediate need of wheat. Many cases were also reported where farmers were deliberately expanding their livestock holdings and enjoying immunity from tax as long as possible. Further, the cash basis, adopted by most because the only tax form available to farmers was designed for that basis or because it was the least complicated, has been the cause of the “basic herd” problem, which has proved so annoying and so bewildering to many farmers who started their operations with a large capital investment in cattle or sheep in the days of little or no income tax, maintained their herds at a fairly constant level and found themselves taxed on the entire proceeds on a realization sale.

The Taxation Division has apparently recognized the objections to the cash basis by insisting that once the accrual basis is adopted the farmer cannot return to the cash basis. It would appear also that tax authorities in Great Britain and in Australia have recognized in their statute the inapplicability of
the cash basis when applied to farming. It should, in our opinion, be eliminated entirely as a method of reporting the income of the Western farmer.

But while the accrual basis is more equitable, would eliminate the basic herd problem, would prevent the abuses of the cash basis and would encourage more orderly marketing, it presents features that may be even more objectionable.

Accountants say that they know of no other business where accounting problems of such complexity are encountered. After all, to tax income you must first determine it, and income and capital receipts and expenditures are so interwoven in the business of farming that it is well-nigh impossible to segregate them. The situation is further complicated by the fact that, unlike most undertakings, the expenditures for the home and for the business are frequently indistinguishable.

Many examples might be cited to show how difficult are these accounting problems. The hired man does the usual farm work, resulting in the earning of income against which his wages are a charge. In addition, he works on a new quarter section of unbroken land and as a result of his efforts in clearing and breaking the land it increases substantially in value. Strict accounting would require that his wages and the other items of expenditure be broken down as between revenue and capital. Similarly, interest on borrowed money and depreciation on machinery might be regarded as capital items when used in bringing land to a condition of fertility. Likewise, money and labour spent in improvement of the quality of livestock, the development of better strains of cereal crops and the increase of productivity of land by summerfallow or by fertilization, the installation of irrigation systems, the arrest of soil drifting and similar farm activities, might be either capital expenditures, deferred charges or ordinary revenue expenditures.

But even if the farmer possesses the business, accounting and economic knowledge to make the necessary distinctions between capital and revenue receipts and expenditures, he must still have or acquire the bookkeeping technique to effectuate these distinctions in his records. For example, a farmer buys a keg of nails. Some of them are used in repairing his house and should therefore be regarded as current revenue expenses, no deduction being allowed. Some are used in repairing fences and their cost is properly chargeable against current income. Some are used in putting up a new building and the cost should be regarded as a capital expenditure. What is true of a keg of nails is also true of
other supplies he purchases, of labour he employs and of the efforts he personally exerts. In the result, if a farmer is compelled to file on the accrual basis under the existing law, he is required to make decisions that would be most difficult for a highly trained accountant; and the farmer does not ordinarily possess either the time, the knowledge or the inclination to make the decisions or keep the records required for assessment on this basis.

In an attempt to find a solution our Committee studied several schemes. We thought first that it might be possible, by a study of agricultural statistics, to arrive at a minimum acreage for tax purposes, exempting farmers operating on smaller holdings from the necessity of filing returns. This proposal was quickly discarded. The relationship between the income from the farm and its acreage varied so widely even in Alberta as to make the suggestion worthless.

We then considered the adoption of a tax similar to the British tax under Schedule B, based on either the rental value or the assessed value of the land. We found that there was so much variation in methods of assessment as between municipalities that assessment figures were not a reliable guide, and we found also that in Western Canada at least the returns from farming appeared to have so little reference to the rental value of the land as to make any tax based thereon inequitable. The plan might have the advantage of raising more money than is being paid by farmers at present, and it has the added merit of simplicity, but fair distribution of the tax burden among all individuals and all classes, one of the primary objectives, would not be attained by a tax of this kind. The British, after a trial of 135 years, are limiting its application. This is some indication of its shortcomings.

Another proposal we considered at some length was made by many of the farmers interviewed. It was the substitution in the case of farmers of a production tax in place of a tax on net income. This suggestion was provoked by the Alberta Agricultural Land Relief Act,\(^1\) which was found to be *ultra vires*, as levying indirect taxation, by a judgment of the Alberta Appellate Division.\(^2\) This act vested in the Crown ownership of 7% of all agricultural produce from the moment it came into existence. All dealers in produce were appointed agents of the Crown and were instructed to retain and to pay over to the Crown the Crown’s share of the proceeds of all produce marketed. It was designed as an alter-

\(^1\) 3 Geo. VI, 1939, c. 6.
native to the tax on land and the act provided that the Crown should distribute the money so realized among the municipalities and school districts, holding in reserve sufficient to provide for crop insurance and grants of seed. This statute was the subject of a great deal of discussion and it is still considered by many farmers in Alberta that the type of tax provided for in it would be much fairer than the present land tax, because those who have crop failures would, under it, go free and those with good crops and the ability to pay would carry the burden.

This might be the answer to the farmers' income-tax problem. We did not know enough about the marketing of farm produce in areas outside the Prairies to speak with respect to them, but in the West the recognized outlets for agricultural produce are comparatively few in number, being mainly the elevator companies, the packing houses and the creameries. Source collection would be easy. It would of course have the fault of being a flat rate of tax on gross revenue and the principle of graduation, generally considered to be the principal merit of the income tax, would not apply, but the simplicity and the absence of necessity for filing returns or keeping records might more than overcome this fault.

Generally speaking, farmers seemed quite enthusiastic about it, many mentioning the fact that, under the Prairie Farmers Assistance Act, a one per cent deduction is now made from the proceeds of sale of certain farm commodities and pointing out that a tax of this nature, at a rate of 3 to 5 per cent, would raise from 50 to 75 million dollars a year with no obligation on the farmer to keep a single record or file a return. It would not interfere with marketing and, being a flat rate of tax, could not affect production. Some thought it should be used only as a method of collection and that the farmer should have the option of filing a return and claiming a refund if the amount deducted was less than the income tax, calculated in the ordinary way.

Such a tax would meet most of the farmers' objections, but it has some defects. Whether used as a substitute tax, or merely as a means of collection, it would evoke protests if agriculture ever reached the position it did during the thirties, when for a period the market price of farm produce was less than the cost of production. It would also require almost annual adjustment to keep it in line with the income tax and this would be bound to cause the resentment, if not of farmers, then of other classes who would feel they were the victims of discrimination. Furthermore, a withholding tax of any substantial amount might easily disturb the normal channels of distribution and foster evasion through
irresponsible middlemen; if it were used as a mode of collection only, the refund problem would also be very real.

This plan, the only alternative tax that seemed at all feasible, deserves further study by some body equipped to make a thorough investigation. At the moment however it does not appear to be the perfect answer.

Returning then to the income tax, calculated on the accrual basis, the answer might be found in a different method of reporting. It is common knowledge that in the present drive to collect the tax from farmers, in cases where records are absent, the assessments are made on the basis of increase in net worth, after allowing for capital adjustments and adding the living expenses of the family. So far as can be ascertained, the farmers are quite ready and willing to answer questions, and they are willing to pay the tax assessed from the answers given, so long as they are relieved from the obligation of keeping records and making computations which in many cases are beyond their ability.

In the current drive, if I may use that term, net-worth figures will be established for the majority of the Western farmers. Would it not be feasible, then, to send each year a questionnaire designed to keep this statement up to date, leaving it to the Department to assess the farmer each year on the basis of his reply? The form would include questions designed to show whether pleasure trips had been taken, whether children had been attending boarding school, whether new household appliances had been purchased and whether insurance premiums or medical expenses had been paid, in order that personal expenditures might be ascertained with reasonable accuracy; a statement of inventory and sales of grain and livestock would be included in the simplest possible form; and there would be a number of questions dealing with capital transactions (such as sales or purchases of land and machinery, assets inherited or gifts made) in order that proper adjustments might be made. Only the simplest records would have to be kept, most of the information being within the farmer's knowledge, and the burden of calculating the tax would be removed from his shoulders.

The only objection to this method lies in the administrative difficulty of preventing evasion through withdrawal or transfer of assets with a view to reducing the net-worth increase. However the answers given would have to meet the test of reasonableness, and the information required as to grain and livestock transactions would serve to rationalize the change in business, thereby supplementing the test of reasonableness. It would of course throw the
burden of assessment on the Department, but an experienced assessor would have no difficulty in arriving at a fair statement of income from the answers given.

The Farmers TI Supplemental now in use gives no information, except for the depreciation schedule, as to the scope of the farmer's operations, and makes it easy to conceal sales. The form is also an open invitation to padding on the disbursement side since it suggests many items of possible expense that would not occur otherwise to the average farmer. Cross reference to answers given on the questionnaire would defeat most such attempts at padding or concealment.

With some misgivings I append to this address a sample form of questionnaire prepared by our Committee. No doubt the form is open to criticism and many changes would have to be made by the administrative officials with the responsibility for making the assessment.

The proposal is, I believe, deserving of further study, and perhaps a trial. I submit it for that purpose only.

In conclusion may I repeat that while the income tax is in theory the perfect tax, its effectiveness and its fairness exist only to the extent that it is able to reach and tax the income and so distribute the burden upon all who enjoy the freedom and the institutions of this country. Who can blame the salaried employee, faced with rising living costs, a frozen salary and a pay envelope less thick by reason of increasing tax rates, who has shown his resentment at a system of tax collection that enables his cousin on the farm during the same period to expand his operations and improve his home. The question involved is not so much the amount of tax to be collected from the farmer as the general satisfaction of all sections of the community with the income tax as an instrument of fiscal policy. Only with equitable collection from all classes, in the least offensive manner, can this general satisfaction exist. Only then can the income tax prove a fully effective tax.
Some Notes on the Income Taxation of Farmers

FARMER'S INCOME TAX QUESTIONNAIRE

NAME: (Family or Surname) NAME IN BLOCK LETTERS (Christian or given names in full) (Mr., Mrs. or Miss)

Address of present residence: (Number and Street) (County) (City, Town or Municipality) (Province)

Place of residence during 1945:

Last return filed? Where? (Year) (Location of Tax Office)

Married Widow(er) Single. (As at 31st December, 1946)

Name and address of wife husband

State marital change (if any) during 1946

Was your wife (husband) living in Canada in 1946? If not, where?

Has wife (husband) filed a 1946 return? What was amount of wife's (husband's) income?

Location of Farm or Ranch:

Are you a tenant? If so, state name and address of owner Amount of Rent Paid?

Do you rent any lands out? If so, give name and address of tenant Amount of Rent Received?

State names and addresses of partners, if any

In order to arrive at the profit or loss from your farm operations for the year 1946, each question hereunder must be fully answered.

LAND, MACHINERY AND BUILDINGS

Give complete details of the following that you owned as at December 31st, 1946:

<table>
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<tr>
<th>DESCRIPTION</th>
<th>YEAR ACQUIRED</th>
<th>ACTUAL PURCHASE PRICE</th>
<th>AMOUNT STILL OWING ON PURCHASE PRICE</th>
<th>TO WHOM BALANCE OWING (GIVE NAME AND ADDRESS)</th>
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<td>LAND:</td>
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MACHINERY:

(INCLUDING TRUCKS AND PERSONAL AUTOMOBILE)

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<th>DESCRIPTION</th>
<th>YEAR ACQUIRED</th>
<th>ACTUAL PURCHASE PRICE</th>
<th>AMOUNT STILL OWING ON PURCHASE PRICE</th>
<th>TO WHOM BALANCE OWING (GIVE NAME AND ADDRESS)</th>
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BUILDINGS:

(INCLUDING FAMILY DWELLING)

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<th>DESCRIPTION</th>
<th>YEAR ACQUIRED</th>
<th>ACTUAL PURCHASE PRICE</th>
<th>AMOUNT STILL OWING ON PURCHASE PRICE</th>
<th>TO WHOM BALANCE OWING (GIVE NAME AND ADDRESS)</th>
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What did you owe on mortgages, notes, store accounts or otherwise (other than shown above) as at 31st December, 1946?

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<thead>
<tr>
<th>DESCRIPTION OF DEBT</th>
<th>TO WHOM OWED (NAME AND ADDRESS)</th>
<th>AMOUNT STILL OWING</th>
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BANK BALANCE, CASH ON HAND, INVESTMENTS, ETC.

Give balance in your Bank Account(s) as at December 31st, 1946 (including wife's or husband's accounts if derived from your activities)

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<tr>
<th>NAME OF BANK</th>
<th>ADDRESS</th>
<th>BALANCE AS AT DEC. 31, 1946</th>
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How much cash did you have on hand as at December 31st, 1946 (including uncashed cheques)? $...

What investments (such as bonds, mortgages, annuities, life insurance, stocks, notes and debts owing to you)?

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<th>DESCRIPTION</th>
<th>COST PRICE</th>
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INVENTORIES AND SALES

Please state quantity or number, as the case may be, of the following that you sold during 1946 and had on hand as at December 31st, 1946.

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<tr>
<th>WHEAT</th>
<th>OATS</th>
<th>BARLEY</th>
<th>FLAX</th>
<th>RYE</th>
<th>GRASS</th>
<th>OTHER GRAINS</th>
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<th>FLAX</th>
<th>RYE</th>
<th>GRASS</th>
<th>OTHER GRAINS</th>
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GENERAL INFORMATION

If you sold any land, buildings, or machinery during the year 1946, give complete details. (Do not include old machinery traded in on new machinery.)

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<th>DESCRIPTION OF ITEM SOLD</th>
<th>ORIGINAL COST PRICE</th>
<th>SELLING PRICE</th>
<th>PROFIT OR LOSS</th>
<th>BALANCE OWING ON SOLD (GIVE NAME AND ADDRESS)</th>
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Did you sell any investment, such as bonds, etc., or make any gain, or incur any loss from any transaction not connected with actual farming operations during the year 1946? (If so, give complete details) .................................................................

Give complete details of any cash, land, machinery, bonds, etc., you may have received as beneficiary under any will or as a personal gift during the year 1946. (State name of deceased or donor, etc.) ........................................................................................................

Did you receive any benefit from any Insurance Policy that was paid up or matured during the year 1946? (If so, give details) ........................................................................................................

What do you estimate as the amount actually paid out in cash for living expenses for yourself (and family, if any) during the year 1946? $ ........................................................................................................

(This estimate must include only such items as groceries, clothing, entertainment, cost of running personal car, purchase of household furnishings and equipment, etc. Do not include farm expenses, such as repairs, cost of milk hauling, combining, etc.)

Are any of your children attending an educational institution away from home? If so, give details including amount expended .................................................................

What medical expenses did you pay in the year 1946?

<table>
<thead>
<tr>
<th>TO WHOM PAID</th>
<th>AMOUNT</th>
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Did you make any trips away from the farm during the year 1946, other than the usual short trips in connection with your farm operations? (Give details, including amount expended) .................................................................

What payments did you make on account of life insurance premiums, annuity payments, etc., during the year — give particulars ........................................................................................................

Did you have income from any other source during the year 1946?

<table>
<thead>
<tr>
<th>SOURCE</th>
<th>AMOUNT</th>
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What gifts of land, cash, etc., were made during the year 1946?

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<thead>
<tr>
<th>TO WHOM GIVEN</th>
<th>NATURE AND VALUE OF GIFT</th>
</tr>
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</table>

I HEREBY CERTIFY that the information given in this Return and any documents attached is true, correct and complete in every respect.

PHONE: Bus. ............................
Res. ............................

Date........................................, 1946.
Signature........................................