

may expect, as a taxpayer in Ontario, that the Minister of Finance will deduct this war tax which I have paid, in addition to my other subscriptions to the Patriotic Fund. Subsection (e) says:

"Amounts subscribed and paid by the taxpayer during the year to the Patriotic and Canadian Red Cross Funds and other patriotic and war funds approved by the minister.

This war tax should come under this subsection.

Sir THOMAS WHITE: The amount is almost negligible in the case of an individual. For instance, one mill on \$10,000 would be \$10.

Mr. LEMIEUX: I am under the impression that in my Bill the tax amounted to something like \$49.

Sir THOMAS WHITE: That is because my hon. friend is so wealthy.

Mr. LEMIEUX: No, I have an ordinary property here, and it is on that property I am taxed. The tax is not an insignificant one. At all events, it seems to me that under this subsection the taxpayer should be permitted to make a deduction in that respect.

Sir THOMAS WHITE: The amount is so very little in the case of an individual. One mill on \$10,000 would be \$10, so that if this war tax was permitted to be deducted from an income of \$10,000, a man would be allowed to deduct, from the taxes paid under this Bill, forty cents, because the tax is only four per cent on the income.

Mr. MIDDLEBRO: I am rather of the opinion that the amount of exemption allowed in connection with contributions to the Canadian Patriotic Fund is not sufficient. On the 22nd of June, the Minister of Finance spoke in this House as follows:

The hon. member for St. Antoine (Sir Herbert Ames) said the other day that \$40,000,000 had been raised or pledged in connection with those funds. Let us not overlook that; but unfortunately, in every community, there are one or two or three or more men who are rich and who are close and who have not contributed to those funds, and the people of this country feel that they should be made to contribute. If I can make them contribute, I will do so. I am not sure that it would not be well, in connection with an income tax, if we bring one down, to provide that a man should be exempted to the extent that he has contributed to the Patriotic and the Red Cross Funds, because, if you impose too severe taxation, you will tend to stop—I do not say you will stop—the voluntary flow of funds for those great purposes, and it is not only the money that is valuable, but the good will.

From that I rather concluded that we were going to be allowed to deduct patriotic

[Mr. Lemieux.]

contributions not from the income, but from the tax upon the income. That was the fair inference from what was said.

Sir THOMAS WHITE: Would not the Government then be paying the contribution?

Mr. MIDDLEBRO: I would not go as far as that, because I think that is too large a deduction, but that money that has been contributed to the Patriotic Fund is money that is necessary, and if we do not contribute to the Patriotic Fund, the Government will have to come to the rescue of that Fund. This Bill, however, does not sufficiently penalize the man who has not been contributing to the Patriotic Fund, because the man who has contributed is allowed a deduction of only four per cent on his contribution. That means that the man who has not contributed is penalized only to the extent of four per cent. The suggestion of the hon. member for St. Antoine (Sir Herbert Ames) is a good one, that is, that those who have actually been paying contributions before the Bill was introduced, should be allowed to deduct the amount of their contributions from the tax because if you do not do that, as the tax in respect of this Bill will be on the income for the year 1917—although paid in 1918—you will have this condition of affairs, that they will be paying a tax in respect of this year and they will also have been paying into the Patriotic Fund during the same time, and they are getting practically no relief in respect of that contribution because they are getting an exemption of only four per cent of their contribution.

Sir THOMAS WHITE: I shall be very glad to take the matter into consideration, but if we enact in this measure that contributions to the Patriotic and Red Cross Funds shall be deducted from income taxation, then many would prefer to give to those funds to giving to the Government. The tax will then not come in to the Government, but will go to the two funds. We are desirous that the funds should be maintained, but I would like this measure to be such that the well-to-do citizens of the country would pay the Government the amount of tax levied by it, and, at the same time, continue or even increase their contributions to the Patriotic and Red Cross Funds. The effect of giving exemption from taxation to the amount of the contribution means that the Government pays the contribution. Therefore, if a contributor gave to the Patriotic or the Red Cross Fund only the amount that he would be