

revenue laws, are to be refunded to Canadian residents to the extent that they are over the basic 15 per cent or, in the case of parent companies, over the 5 per cent rate now agreed upon, without application having to be made therefor. Hereafter, only 15 per cent will be deducted.

From a reading of the convention, it will be realized that this is probably the most extensive fiscal convention that has yet been entered into on the subject of direct taxation. It is tangible evidence of the growing intimacy between Canada and the United States.

The agreement itself, which, as I stated, was signed yesterday, will be tabled at the earliest possible date.

Hon. R. B. HANSON (Leader of the Opposition): I was about to ask the minister, on the orders of the day, a question with respect to this convention. He has referred, I assume, to all the salient features of the convention and we shall be able to study it when it is tabled. There is, however, just one question that I should like to ask him at the moment. According to a newspaper report it is stated among other things that the convention also provides for a reduction in certain rates of taxation, and, it goes on:

—for the establishment of an exchange of information between the United States and Canada in the field of income taxation.

I am interested to know just how far that goes, having regard to the practice and rule that income tax returns are secret. I can visualize this as a breach of the practice heretofore. May I call the minister's attention to the fact that income tax returns are not even divulged to the succession duties authorities of a province without the consent of the estate of the taxpayer. I am wondering how far this will go to take away the secrecy which heretofore has surrounded the filing of income tax returns.

Mr. GIBSON: The convention itself will be tabled. It goes quite far in the exchange of information. Each country realizes that every effort should be made to avoid any loss of revenue from evasion of taxation, and my hon. friend will see the convention for himself when it is tabled. I do not think that I can go into particulars at this stage.

Mr. HANSON (York-Sunbury): I would point out to the minister, if I am permitted to do so, that income returns are public property in the United States. They have never been public property in Canada, and there should be some reservation. I should think, if it has not been arranged, it should be arranged that in-

formation with respect to Canadian taxpayers should be kept secret by the United States authorities at least as long as we keep it secret.

An hon. MEMBER: Why?

Mr. HANSON (York-Sunbury): I am not going to enter into a discussion on that. There is a principle involved. We have maintained that principle, and the Minister of Finance (Mr. Ilsley) has defended it on many occasions, as all finance ministers have done. As a matter of fact it is usually used in the United States to satisfy curiosity.

Mr. MacINNIS: It is legitimate curiosity.

Mr. HANSON (York-Sunbury): No, it is not. It is no one's business how much my income is as long as I get it honestly.

Mr. GIBSON: It is my business too.

Mr. MACKENZIE KING: I do not wish to intervene beyond saying that I recall that when this matter was under consideration some time before, the information in question related entirely to investments in one country of nationals of the other. It does not mean the disclosure of the entire income of any individual.

Mr. HANSON (York-Sunbury): That is reassuring.

Mr. MACKENZIE KING: The purpose as I understand it is simply to see that nationals of one country who have investments in another country are not taking advantage of that situation to escape paying the taxes they ought to pay to their own country.

Mr. HANSON (York-Sunbury): I have no objection to that.

PREPARATION OF CANADIAN INCOME TAX RETURNS

On the orders of the day:

Mr. G. K. FRASER (Peterborough West): In connection with the statement made by the minister with regard to the collection of taxes at the source, will the minister say just what the Canadian income tax payer is to put on his tax return for 1941, since the tax at present is 27½ per cent, which has been deducted, and it is not likely that refunds will be made for some months to come.

Some hon. MEMBERS: Order.

Mr. SPEAKER: This is a question of the kind which should be placed on the order paper.

Mr. GIBSON: If the question could be placed on the order paper, I will answer it later.