

on the first \$10,000 of profit. In the bill last year, mere control was the criterion. This broadens, or eases, if you like, the criterion by saying that a group can still each have a 10 per cent rate on the first \$10,000, even if there is control, so long as there is not 70 per cent ownership.

Hon. Mr. KINLEY: Is that referring to corporation control or to shareholders of each corporation? For instance, one corporation owns 75 per cent of another corporation. The members of one corporation may hold 75 per cent—that is, the directors.

Dr. EATON: It is based on share ownership, either by the corporation or by an individual.

Hon. Mr. HAIG: It affords some relief. Don't look a gift horse in the mouth.

Section agreed to.

On section 16: demands for returns.

Dr. EATON: I might ask Mr. Gavsie to explain this. It is an administrative section.

Mr. C. GAVSIE: This section deals with demands for income tax returns, and the main change here is to put in the words "demand by registered letter". Heretofore it merely said "demand in writing".

Hon. Mr. HAIG: This permits you, then, if I have not made a return, and you think that I should have, to write me a registered letter and I must make a return.

Mr. GAVSIE: That is right.

Hon. Mr. McKEEN: You have to have a receipt for the letter?

Mr. GAVSIE: We have to prove it was delivered.

Hon. Mr. McKEEN: It is not merely a matter of sending a registered letter.

Mr. GAVSIE: This gives the authority to demand a return. This states the mode by which to demand the return, namely sending a letter by registered mail.

Hon. Mr. McKEEN: Is it the sending, or do you have to have proof that it was delivered?

Mr. GAVSIE: There is another section in the Act which deals with the question of proof. You prove demand was made by registered letter by producing the post office receipt.

Hon. Mr. McKEEN: The receipt of delivery or the receipt of sending?

Mr. GAVSIE: The receipt of sending, and that the letter has been delivered.

Hon. Mr. McKEEN: That is the point I want to make sure of.

Mr. GAVSIE: All this section does is, if I can read the old section—

Hon. Mr. HAIG: You do not need to. When I send out a registered letter I do not have to ask for a receipt back, but if I want to prove that I did serve it on a man I have got to ask the postman. You have got to ask for that receipt.

Mr. GAVSIE: That is right.

The CHAIRMAN: But if it is not delivered it is returned to you and you know it has not been delivered?

Hon. Mr. HAIG: Not always.

Hon. Mr. ASELTINE: Sometimes that does not always happen.

Hon. Mr. HAIG: No.

Hon. Mr. ASELTINE: It is not always received by the addressee.

Hon. Mr. CRERAR: Under section 16, if a man figures out his income and decides or is advised by an accountant that he has no taxable income and he does not bother to make a return, would he be penalized?

Mr. GAVSIE: No, he is only obliged to make a return if his income is taxable.