

ment, using exactly the same rate of taxation. Would the minister care to comment on that?

Mr. McCANN: There would necessarily be grave difficulties if such a system as that advocated by the hon. gentleman were followed in that, instead of dealing with a limited number of licensees, you would have to deal with an almost countless number.

Mr. PROBE: By the use of a form of revenue stamps, it would seem to me that would be obviated.

Mr. McCANN: All of that costs a good deal of money. As one example, I might state to the hon. gentleman that the removal of an imprint upon an excise stamp which was used on tobacco saved the government \$40,000 in a year. From that it can be seen how quickly costs of that type would run up and pyramid. With respect to the pyramiding of the sales tax, that is not nearly as much in effect now as it was some years ago.

Mr. PROBE: The minister has stated that the sales tax levied at the manufacturer's place of disposal, where he passes it on to the jobber or to the retailer and the invoice will have the eight per cent added, will not pyramid the sales tax. I do not believe that statement is correct.

Mr. McCANN: Not as much as it did because of competitive conditions which obtain now and which did not obtain before.

Mr. HERRIDGE: I have knowledge of firms which have gone bankrupt and which have collected sales tax from individuals, but the government did not receive any of it. What is the department doing to protect itself in those cases?

Mr. McCANN: The position is this. In the case of any firm which goes bankrupt and owes sales tax to the government, the government is one of the creditors and shares with the other creditors.

Mr. PINARD: A privileged creditor.

Mr. HERRIDGE: Is that trust money?

Mr. McCANN: We are in an in-between position. We are between the creditors who have privilege or priority and the common creditors. We come before the common creditors. Every attempt is made to collect as much as it is possible to collect of money owing to the crown.

Mr. HERRIDGE: Will the minister inform the committee how much has been lost by the department with respect to that kind of thing?

The DEPUTY CHAIRMAN: Shall section 12 carry? Carried.

[Mr. Probe.]

Mr. STIRLING: No, Mr. Chairman. A question has been asked.

Mr. McCANN: The hon. gentleman is entitled to an answer. I do not know how much has been lost, but we have figures on what has been collected.

Mr. PROBE: Has the minister collected the \$40,000 odd which was owed three years ago by Caledonia Farms when they went bankrupt? That was an Ontario meat-packing firm and it owed the Department of National Revenue some \$40,000 or \$41,000. Was that collected?

Mr. McCANN: Although I do remember the case I do not recall the figures in connection with it. We could get that information for the hon. gentleman.

Section agreed to.

Sections 13 and 14 agreed to.

On section 15.

Mr. FLEMING: I wish to ask a question with reference to subsection 3 of section 103. The effect of the section would be to give the minister power to grant exemptions from the licensing provisions of the act. In what cases is it intended that this power of exemption should be exercised, and what is the reason for it?

Mr. McCANN: That would have to do with small manufacturers, people who are in the cosmetic business, people manufacturing handbags and things like that in their own homes, who have not established a place of business for that work entirely; it is a sort of side-line and the amounts involved are small.

Section agreed to.

Sections 17 to 28 inclusive agreed to.

Mr. McCANN: I just wish to make this statement. This bill appears to have gone through rather hurriedly. There are no great changes in the act besides the fact that it implements the changes founded on the resolutions under the budget. The whole idea of bringing in this Special War Revenue Act and of changing its name to the Excise Tax Act is in order to simplify it, consolidate it and put in their proper position those portions of the act which have to do with the same thing, such as licences, penalties and the like of that. It has been more or less a tidying-up process so that the act is much more easily referred to and much more easily read.

The DEPUTY CHAIRMAN: Shall the title carry?