

was acting for the man who sponsored the bill, but there was no personal reflection on his handling of the case.

Clause stands.

Progress reported.

Mr. Deputy Speaker: Shall the house resume the business which was interrupted at five o'clock?

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF NATIONAL REVENUE

Taxation division—

290. General administration, \$2,524,429.

The Chairman: It being six o'clock, I do leave the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Zaplitny: Mr. Chairman, when the committee rose at five o'clock to consider certain private bills I had established certain facts in connection with the remission of certain taxes of 14 corporations. I had established that the total amount remitted by two orders in council amounted to a little more than \$3 million, and the minister is in agreement with that. I had also established that the legislation under which this tax money had been collected had been upheld by the Exchequer Court of Canada. I had established that of the 14 companies concerned, only nine made appeals to the income tax appeal board and only two of them carried their appeals to the supreme court; but that the appeal to the supreme court was not heard because in the meantime the government had agreed to remit one-half of the tax liability of these companies. I had established that this had happened after the amendment passed in 1953 to the Income Tax Act, but before any hearings were heard by the supreme court.

I come now to the reasons set out by the Minister of National Revenue in his reply as to why this rather strange action was taken. I want to say, first, I am glad the minister stated in his reply that he had consulted with various departments. I think he mentioned specifically the Department of Finance and the Department of Justice, and he may have mentioned others. I say this because I want to make it quite clear that I am not singling out the Minister of National Revenue for any particular criticism. This was a decision by the government. The Minister of National Revenue is responsible, of course, for recom-

Supply—National Revenue

mending to the government the sort of action that should be taken in matters affecting his department. But the decision to make these remissions was made by the government as a whole; therefore what I have to say refers to all the government.

The reasons given by the minister were three in number. First of all he drew attention to the fact that in 1953 an amendment had been made to the Income Tax Act which deleted paragraph (o) from section 6(1) of the Income War Tax Act as it had been amended since the act was passed. He pointed out that the effect of that amendment was that after it went into effect the disallowance of these deductions would no longer be in effect.

I would like to establish this quite firmly, because that is a major reason given by the minister. Before I examine that reason I should like to refer hon. members to the amendment to the Income Tax Act which appears in chapter 40 of the statutes for 1952-53. They will find that the amendment which deleted the paragraph I have mentioned is in these words, and I quote from the act:

This section is applicable to the 1953 and subsequent taxation years.

That is, the deleting amendment was to take effect for 1953 and subsequent years. I wish to make that perfectly clear, because I think it is very material to our argument to have it established firmly that the amendment passed by parliament in 1953 had nothing whatever to do with any tax liability or any legislation dealing with that type of deduction in previous years, that is from 1946 to 1952. It applied, as is stated so specifically in the act, to 1953 and subsequent years, whereas the tax liability in dispute was in respect of the years from 1946 to 1952. Therefore they are two entirely different fields, having nothing whatever to do with each other.

The question is this. Why does the minister give that as one of the considerations in the mind of the government when they decided to remit the \$3 million of public moneys to these 14 companies? I regret the Minister of Finance is not in his seat at the moment, because I would like to ask him if he goes along with that kind of reasoning. I would be very much surprised if he did, because it must be fresh in the memories of hon. members here that it was only a few weeks ago that several hon. members suggested that a refund be made to automobile dealers with respect to excise tax for which they are liable, the tax having been reduced in this year's budget. And it will be recalled it was the Minister of Finance who, no doubt after careful consideration, got up in the House of Commons and said it was not traditional and it was unprecedented to make