

was not in the Chamber a little after eight o'clock when I dealt with this matter at some length, and, I think, to the satisfaction of the committee. I am surprised that a gentleman of my hon. friend's fine legal mind cannot see the clear distinction which exists between the case of a man who has an income of \$5,000 and a further income of \$1,000 from productive property outside, and the case of a man who has an income of \$5,000 which he spends in paying taxes upon investments outside, or in stock speculations or otherwise.

The illustration which I use is this: Take the case of two officials of the Bank of Montreal and let us assume that they are each getting a salary of \$10,000. One of them spends the money upon himself and his family. The other man owns \$100,000 worth of unproductive real estate upon which he has to pay taxes. Does my hon. friend mean to suggest that we should tax the one man to the full extent of the \$10,000 and that the other man should go scot-free because he happens to pay away \$7,000, let us say, in taxes upon unproductive property which he holds? The people of this country would not stand for that for a moment. The true principle of the Bill and of every income-tax measure is to consider what is a man's income from, his trade, profession, or calling? If he is an official of a bank and draws \$10,000 a year as such official, that, in the plain, ordinary sense of the term is his income, no matter what he does with it. If, in addition to that, he has five houses, which bring him in \$2,000 a year gross, and he has to pay out of that \$500 for taxes and other outgoings, he has a net income from those houses of \$1,500, and his income in the plain, every-day, ordinary sense of term "income," is the \$10,000, plus the \$1,500 net which he receives from his investment. It would be absolutely impossible to administer a business tax if, having ascertained the net income derived by a man from his trade, profession, or calling, the department had to follow him through all his investments. My hon. friend's proposition goes as far as this. Supposing a man has an income of \$10,000 from his official position as a bank manager, and let us say he engages in unfortunate speculation and loses it all; my hon. friend says that that man is not liable for income tax. I say that he is liable for income tax. The question is—what is the man's income from his trade, profession, or calling? It is \$10,000. Then we need not care what he does with it, whether he

[Sir Thomas White.]

spends it luxuriously, whether he loses it in stock speculation, or whether he uses it to pay taxes on \$100,000 worth of property which he owns. My hon. friend, who is a good lawyer, knows that any court would uphold the contention put forward by me to-night, that the correct interpretation of the word "income" is a man's income from his trade, profession, or calling, no matter what he does with that income after he gets it.

Mr. PUGSLEY: My hon. friend would be perfectly right if the income tax provided for by this Bill was limited to a man's income from his trade, profession or calling, but the measure is not so limited.

Sir THOMAS WHITE: We were speaking about that aspect of it.

Mr. PUGSLEY: My hon. friend cannot pick out one clause of the Bill—

Sir THOMAS WHITE: Of course he can.

Mr. PUGSLEY: —and deal with that alone, and have this legislation construed as if this was the only clause in the section. The section provides that the term "income" shall mean:

The annual profit or gain or gratuity, whether ascertained as being fees or emoluments, or as wages, salary, or other fixed amount, or unascertained as being fees or emoluments, or as being profits from a trade or commercial or financial or other business or calling, directly or indirectly received by a person from any office or employment, or from any profession or calling, or from any trade, manufacture or business, as the case may be.

It would be all right if it stopped there; but it does not stop there; it goes on to say:

And shall include the interest, dividends or profits, directly or indirectly received from money at interest upon any security or without security, or from stocks, or from any other investment.

Sir THOMAS WHITE: Quite so—from any other investment.

Mr. PUGSLEY: Which means and includes an investment in real estate.

Sir THOMAS WHITE: True.

Mr. PUGSLEY: Therefore if you are to determine what a man's net income is, you have a right to take not only what he receives annually from his business, but what he receives from the investments which he has bona fide made with his money, and, if he is unfortunate enough to incur a loss from some of those investments, surely all that should be taken into consideration, and the man's net income should be taxed.