

Hon. Mr. DUTREMBLAY: Under clause 7, at page 6, I understand that in the case of an expropriation it is equal to a sale.

Mr. GAVSIE: That is correct.

Hon. Mr. DUTREMBLAY: What proportion of the two or three years will be allowed?

Mr. GAVSIE: There would be the part that represents the reimbursement of depreciation after the capital profit is taken out.

Hon. Mr. DUTREMBLAY: Would it be for only those two or three years from 1949?

Mr. GAVSIE: Yes; we do not go behind 1949.

Hon. Mr. DUTREMBLAY: What proportion would be charged?

Hon. Mr. HAYDEN: According to the amount you had charged off for depreciation.

Mr. GAVSIE: It would be the balance to be depreciated, which would neutralize itself; and the recapture would apply to any amount that you may have written off by way of capital allowance since 1949. That is the amount that would be concerned here.

Hon. Mr. HAYDEN: There is another question. Suppose in the case of a bond issue on a property when disposition is made of the property the proceeds must be paid to a trustee. That would mean that the entire proceeds would have to go to the trustee, and the company would have to pay an additional tax on the amount of recaptured depreciation.

Mr. GAVSIE: I do not think the amount going to the trustee would exceed the amount remaining to be depreciated.

Hon. Mr. HAYDEN: I am referring to the entire amount of expropriation, if there was a bond issue.

Mr. GAVSIE: But I do not think that the amount to go to the trustee would be any more than the amount necessary to redeem the bonds, and the depreciation that the company would have taken would have some relation to the sinking fund for the redemption of the bonds.

The title was agreed to.

The bill was carried.

The CHAIRMAN: Shall I report the bill without any amendment?

Some Hon. SENATORS: Carried.

At 9.15 p.m. the committee adjourned.