

Hon. Sir MACKENZIE BOWELL: Then would not that be covered by the word profit as well as if we said "net profit"?

Hon. Mr. BOSTOCK: No, because this covers an individual as well as a company. When you take the annual profit, it deals with an individual who is in business, and I take it that annual profit there means the gross profit. Then he has to make the deductions from the profit on his business before he can arrive at his real net income or net profit.

Hon. Mr. EDWARDS: My honourable friend assumes exactly what I am contending for, that only net profits should be reckoned on.

At six o'clock the Committee took recess.

The Committee resumed at eight o'clock.

The CHAIRMAN: It has been moved by Hon. Mr. Dandurand that the word "net" be added after the word "annual" in the second line of section 3.

Hon. Mr. DANIEL: We have heard the views of several honourable gentlemen on the question of inserting the word "net." My views are those of the ordinary man on the street. The ordinary citizen, who will take up this Act, as he will have to do, for he is going to be taxed under it, will draw his conclusions. Supposing the Bill is left as it is at present, without the word "net," he reads it over and finds that "income" means the annual profit or gain—the amount that he obtains by carrying on his profession or business, as the clause states. So he infers that it is the whole income which is to be taxed, until he turns over the leaf and finds that there are certain exemptions and deductions which are to be made in order to arrive at the income which is to be taxed. On the other hand, supposing the word "net" is inserted, he comes to the conclusion that it is only his net income which is to be taxed; that the deductions provided for in the Act are to be made, and there be other deductions in addition to those. Well, what does the ordinary man consider to be his net income? He looks upon his net income—especially when he is ascertaining it for the purpose of taxation—as being the income that is left after all possible deductions are made. So it appears to me that inserting the word "net" in this clause would only create confusion instead of preventing it. I for one certainly think that the clause is clearer and better defined as it stands

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than it would be with the word "net" inserted. I have been aided very much in arriving at this conclusion by the very clear statement made by the honourable gentleman from Middleton, who pointed out that the income to be taxed is the income mentioned in this Act, with the deduction to be made only as provided for in the Act. It appears to me that to put in the word "net" would cause controversy which would not arise if the word were left out. A man may oppose the taxation which is put upon him, and his lawyer immediately pitches on the word "net." To my mind it would increase the confusion and create trouble. Whereas the idea of the honourable gentleman who introduced the amendment was perhaps that it might make the Act clearer, it appears to me it would simply have the opposite effect. The amendment is not brought in for the purpose of providing people with a chance to evade taxation. This Bill is for the purpose of taxing the people. It describes, in various clauses, the kinds of taxation to be imposed—the property and income on which the taxation is placed. It is to my mind pretty clear, and I think if the word "net" is added to subsection 3 it would not be made clearer, but the change would have the opposite effect. As far as I am concerned, I shall be obliged to vote against the amendment.

Hon. Mr. POWER: I presume, then, that the honourable gentleman, when he comes to subsection 3 of this section, in which the non-resident is taxed only on his net income, will propose to strike out the word "net" in that subsection?

Hon. Mr. DANIEL: I may. I have not yet come to that clause. I like to take the matter up clause by clause.

Hon. Sir JAMES LOUGHEED: I was about to suggest that it might be well to allow this clause to stand with the suggestion which my honourable friend from De Lorimier has made. Then we can consider it in its application to the other clauses as we go through the Bill, and we can return to it afterwards.

Hon. Mr. BEIQUE: Before we leave this subsection, I think it would be well to draw the attention of this honourable House to the fact that the amendment of the honourable gentleman from De Lorimier, if it is adopted, should be followed by other amendments—such, for instance, as this addition:

Provided, however, that in determining the net income the personal and living expenses shall not be taken into consideration.