

Mr. BENIDICKSON: I would like to ask how long is the time within which the Department of National Revenue has been defining payment out to include all the things that are in the proposed draft now before us?

Mr. GAUSIE: This, as I understand it, has been the interpretation from the beginning of the section being enacted.

Mr. BENIDICKSON: And it originated when?

Hon. Mr. ABBOTT: 1946, I think.

Mr. BENIDICKSON: I would then ask, has the legal advice of the Department of Justice ever been sought as to whether or not the practices of the Department of National Revenue would be legally approved by the Department of Justice as including various things that we are now asked to say are the equivalent of payments out.

Mr. JACKETT: It is getting personal, but I have had that job on my desk for at least two weeks while I have been working on this bill, and I have not got much beyond the stage of reading the letter.

Mr. BENIDICKSON: In other words, the Department of Justice, as far as you know, has had the matter before them only within the last two weeks—the letter asking them whether or not payments out in accordance with the statute would include the various things that National Revenue has over a certain time allowed as payments out?

Mr. JACKETT: I would not say exactly two weeks.

Mr. FLEMING: In any event, you have not given your ruling?

Mr. JACKETT: No.

The CHAIRMAN: And there will be no need for a ruling.

Mr. BENIDICKSON: If it passes.

The CHAIRMAN: Yes.

Mr. BENIDICKSON: But in other words, there is some doubt as to whether or not payments out under the statute as it now stands include the ramifications that have within a certain time been permitted.

Mr. HACKETT: "Practices" you should say.

Mr. BENIDICKSON: Yes, the practices that have been permitted by National Revenue.

The CHAIRMAN: And the purpose of that being put there, Mr. Benidickson, is to make sure that the taxpayer can be taxed on that amount.

Mr. BENIDICKSON: On the contrary, Mr. Chairman; that the taxpayer can be exempted.

The CHAIRMAN: No, no. That the taxpayer can be taxed on personal income to that extent, that the member taxpayer can be assessed as personal income.

Mr. BENIDICKSON: Oh, yes, that is another issue and I think we have had some suggestions on that already in briefs that have come to our attention; this brings up the question of whether or not we should in this legislation authorize certain executives of a co-operative to use such influence and authority as they have in a co-operative to see that a certain by-law is passed whereby their shareholders would from that time forward have to pay income tax on dividends that they never actually received.

Mr. HACKETT: No, they do not.

Mr. BENIDICKSON: From the dividends which are placed to their credit on the books but which they did not receive. Under this legislation, and by reason of the carelessness of the average shareholder in most corporations of co-operatives, due to non-attendance at meetings the shareholder would find, in due time, he was recorded on the books of the co-operatives as receiving a certain