

RE SECTION 5—Continued.

that, in consideration of the fact that he is serving at the front, he should be exempt to that extent? I have not thought of the matter very much. It was suggested to me to-day. I am not sure of the effect it would have on the finances, but the Minister might think it over and it might be worthy of consideration.

SIR THOMAS WHITE: I think it worthy of consideration. As a matter of fact there is no exemption we could give that would be more than these men deserve, but when we exempt the military and naval pay of those who have been on active service overseas, we practically exempt them all from the income tax levied because there is a \$3,000 exemption besides.

MR. GRAHAM: That is for married men.

SIR THOMAS WHITE: Yes, and \$1,500 for single. My own view is that there will be no taxation for those who are at the front.

SIR HERBERT AMES: What is the argument in favour of paragraph (h)?

Farmers' insurance and mortgage associations. The incomes of such insurance, mortgage and loan associations operated entirely for the benefit of farmers as are approved by the Minister.

Supposing a co-operative, mortgage or loan association was conducted for the benefit of people who were not farmers? In the cities there are co-operative building societies.

SIR THOMAS WHITE: Paragraph (f) exempts them:

If a company is not operated for the gain of the shareholders it will be exempt.

Racing association. MR. MURPHY: Is the Minister satisfied that under paragraph (g) of section 5 a club or association, with the ingenuity, for instance, of a racing association, could not bring itself within that exemption? If the Minister has given the matter thought, I would ask him for an answer. If he has not, I would commend the matter to him.

SIR THOMAS WHITE: I think the word "non-profitable" would exclude such associations. It is not the intention to exempt a racing association that is operated for gain.

MR. MURPHY: Racing associations would not admit they are operating for gain.

SIR THOMAS WHITE: The question is one of fact. If any gain were made, they would clearly be liable under this measure. The object of this exemption is obvious on the face of it.

Payment of tax at source.

6. (1) All persons in whatever capacity acting, having the control, receipt, disposal or payment of fixed or determinable annual or periodical gains, profits or income of any taxpayer, amounting to or exceeding fifteen hundred dollars in the case of unmarried persons or widows or widowers without dependent