

so completely the views which were presented upon this side of the House. I think his action deserves peace, and I am quite sure that he will get what he deserves.

Sir GEORGE FOSTER: If my hon. friend will just add to his pledge, of peace, not only this afternoon, but hereafter, I will take it with some real benefit.

Mr. PUGSLEY: I fear that that would be too much to promise.

Mr. BURNHAM: It is peace without understanding.

Motion agreed to, Bill as amended reported, amendments concurred in, and Bill read the third time and passed.

#### DOMINION LOAN (\$75,000,000) BILL.

Bill No. 60, to authorize the raising, by way of loan, of certain sums of money for the Public Service—Sir Thomas White—read the second time, considered in committee, reported, read the third time, and passed.

#### TAXATION OF PROFITS.

The House in Committee of Ways and Means, on the proposed resolution of Sir Thomas White (Minister of Finance) respecting the taxation of excess profits; Mr. Rhodes in the Chair.

On paragraph 5:

In the case of any contract extending beyond one accounting period from the date of its commencement to the completion thereof and only partially performed in any accounting period there shall (unless the minister, owing to any special circumstances, otherwise directs) be attributed to each of the accounting periods in which such contract was partially performed, such proportion of the entire profits or estimated profits in respect of the complete performance of the contract as shall be properly attributable to such accounting periods respectively, having regard to the extent to which the contract was performed in such periods.

Mr. A. K. MACLEAN: Supposing that the accounting period in any business was February 1, 1915, would that tax be on the preceding twelve months?

Sir THOMAS WHITE: Yes.

Mr. LOGGIE: I wish to bring a case to the attention of the Minister of Finance, and ask him how he could possibly arrange a basis for taxation in that case. Take, for example, the firm I referred to, that of Armstrong & Ferguson. This firm had an order to supply the army, if you like, with certain commodities. In the course of three

months they sold \$3,000 or \$4,000 worth. So far as any record shows, the firm was not in existence before that time, and it went out of business three or four months later, and was succeeded by William Ferguson, who, I believe, is the Ferguson of the firm. It might well be that this firm had no capital at all. They might during two or three months have borrowed a few hundred dollars from the bank which would be paid back at the end of the transaction. I cited to the minister one item of sale by this firm—10,000 pounds of potatoes at 4½ cents per pound. This would be, as I pointed out, about \$7.45 a barrel, and as there were over sixty barrels, the firm would clear on that item alone over \$300. How is the minister going to reach a firm such as that, with a tax based on capital, when, as it seems to me, no capital would be required in the business?

Sir THOMAS WHITE: If the firm had no capital, it would not come within the purview of the Act. The hon. gentleman deals with the case of a firm which had no previous existence and was formed only for the purpose of carrying out a particular contract, on the completion of which it went out of business. If the firm had capital and made profits of more than seven per cent per annum it would be assessable. The question of its capital would be a matter of fact—as also would be the question of its profits—to be ascertained by the department. If the firm had discontinued business after completing its contract, presumably the members of the firm are still in existence somewhere, and I should suppose that they would be responsible for the debts of the firm. My hon. friend (Mr. Loggie) shakes his head. If they would not be liable, then the Act would not apply. But the hon. gentleman will see that the matter to which he calls attention involves a very small amount of business. I do not know what the profits would be in the particular transaction in potatoes to which he has referred; I have not had time to look into it. But I will have inquiry made with a view of getting at the facts.

Mr. LOGGIE: Here is another case in which it seems to me it would be difficult to get at a basis of taxation—the case of the company of Springfield, Ohio, which sold to the Government goods to the value of \$344,541.89. How is the minister going to get a proportional tax on that sale? I assume that the firm does not do business

[Mr. Pugsley.]