

is to give a man sufficient to live on; in the case of the individual, that is put at \$2,000 a year, and, in the case of a man who maintains a household, at \$3,000 a year.

Mr. C. A. WILSON: The husband may have an income of \$3,000 and the wife an income of \$3,000. They may be separate as to property by the marriage contract. There are three, four, or five children, each having an income of \$1,000; or let us say it is a real French-Canadian family and they have a round baker's dozen. Would my hon. friend suggest that the incomes of the husband, wife and children should be taken as one sum for the purposes of taxation?

Mr. MIDDLEBRO: If, on account of the larger families in Quebec, \$3,000 is not enough to support a household, let us change the amount; but if we start on the basis of \$3,000 being sufficient to maintain a household, there is no good reason why one household should have \$6,000 income exempted.

Mr. LEMIEUX: The two incomes are so clearly separate entities, according to our regime of separation under the civil law, that if the property which produces the income has come to the husband or to the wife from the father or mother, if the one who inherits that property dies without issue, that property does not go to the surviving consort, but reverts to the father, mother, brothers, or sisters, according to our law of succession. So they are absolutely different things.

Reverting to the body corporate, my hon. friend said that an incorporated company would be taxed as to its revenue and that the shareholders would also be taxed as to their dividends. My hon. friend says it is not fair that the same party should be taxed on both sides, because the company is the shareholder, and the shareholder, in the aggregate, is the company. How will you proceed to adjust that? Supposing a company has 5,000 shareholders and pays on its income, and the shareholders pay on their income; my hon. friend says he will keep in mind what has been paid by the company. How will it be decided how much the shareholder will have to pay?

Sir THOMAS WHITE: As that subject is specifically dealt with in section 4, possibly my hon. friend will wait until we reach that section before discussing it.

In the meantime, I might say to my hon. friend that a corporation is liable on its income only to the normal tax, and that

[Mr. Middlebro.]

the shareholders who will have to make returns of their income to the department will, when they are making such returns, be permitted to deduct the normal tax in respect of dividends derived from companies subject to this taxation. As to that portion of their income subject to the super-tax, they will pay, because the corporation is liable only to the extent of the normal tax.

Sir WILFRID LAURIER: That is very satisfactory so far. But I would suggest that the clause which provides whether the tax shall apply to corporations or not shall also be allowed to stand, so that the two matters may be considered together.

Sir THOMAS WHITE: I am quite willing to let it stand. I may point out, however that we are now dealing with the interpretation section.

Sir WILFRID LAURIER: I would suggest that subsection (d) of section 2 stand.

Sir THOMAS WHITE: Very well.

Mr. GRAHAM: I had no idea of interfering where there was a legitimate separation of property between husband and wife. I think that each should be treated as a separate individual when each has a separate income.

Sir THOMAS WHITE: As in the Act?

Mr. GRAHAM: As in the Act. But I was suggesting the advisability of preventing the separation of incomes hereafter in order to escape taxation. The minister referred to the Succession Duties Act and that is just what I had in mind. In Ontario, not a few men in business have formed joint stock companies and distributed their property in order to get rid of succession duties. I had such cases in mind when I suggested that accounts should not be separated for the purpose of escaping the supertax. Where there is a proper separation of accounts between husband and wife, each income should be treated separately. I cannot see how anything else could be done, bearing in mind the different conditions that may exist as to the income of each.

Mr. NICKLE: From my point of view, I see eye to eye with the member for North Gray (Mr. Middlebro). If I understand the exemption in this Act of \$3,000 to married men, it is on the principle of the recognition of the home as an entity. If that is so, it seems to me that the total exemption in regard to the home should be not more than \$3,000, and I am not now discussing