

Mr. A. K. MACLEAN: Having been given once, that should be sufficient.

Mr. CARVELL: Yes, but we are branching out on entirely new lines in Canada. A great many things will happen in this country within the next ten years that never happened before. We have had a business profits tax for the first time in our history, and now we have the income tax. It is these incorporated companies who are the very ones that will contribute under these new methods of taxation, and I think it quite proper that the very fullest publicity should be given. I think the department should have power, if necessary, to investigate right from the very beginning, and see on how much actual stock the company should be allowed to pay dividends; in other words, it is getting after the watered stock.

Mr. R. B. BENNETT: It is too late after it has been sold to the public.

Mr. CARVELL: It is being worked out in Ontario, and they have had no difficulty there. It would be a good thing for all companies if they kept such a record as this provides for. I have in my mind a fairly small company in which I happen to be a stockholder and a director. It was practically a partnership organized in the form of a joint stock company. We went on year after year without a proper set of books, although the books we had told us what we were spending, how much we were taking in, and what our net profit was. But when I came to make out the statement required under the Business Profits Tax Act, I found that our balance sheet was entirely deceptive, and I could not ask the department to rely upon it. I think a great many people in Canada found themselves in the same position.

Mr. R. B. BENNETT: You probably had no certificated auditor.

Mr. CARVELL: We have auditors sufficient for our purpose. We were not the Lake of the Woods Milling Company, or anything of that kind, but we were handling a fair amount of money every year, and I am happy to say were earning good dividends. As I was saying, our books told us exactly what we were making, but when I came to make up the statement in connection with the business profits tax, the statement was not logical at all and required a good deal of explaining and amending. I am in favour of this provision, although I realize that many of

the conditions will be onerous to small corporations.

Mr. R. B. BENNETT: Surely my hon. friend would not desire to make paragraphs (j) and (k) retroactive.

Mr. CARVELL: I am not at all particular about it.

Mr. R. B. BENNETT: I have in my mind another company, which I think would have some difficulty in supplying the information. But assuming that they could. I do not see why Parliament, starting on this new departure, should make the provisions retroactive, because it would in many instances affect people who are no longer shareholders in the enterprise. It would simply mean that information would be furnished that would not advance the public interest in the least. Once the shares are listed and sold, once you can buy and sell them on the open exchange, the questions that (j) and (k) deal with cease to have any public interest and become matters only of private concern. I think my hon. friend will agree with that.

Mr. CARVELL: I do.

Mr. R. B. BENNETT: There is another point which I mentioned to my hon. friend from Perth a few moments ago. Paragraph (e) deals with "expenditures made on account of future business." Now that is a direct invitation to a statement that is incorrect. It is one of the most deceptive things that could possibly be put in a balance sheet. It would include such things as advertising, sending men out and appropriating \$20,000 for this, that, or the other thing. Then paragraph (g) deals with "goodwill, franchises, patents and copyrights, trademarks, leases, contracts and licenses." Goodwill, franchises, patents, copyrights and trademarks, are usually carried in balance sheets at a nominal figure or else at a figure that is being constantly reduced. The figure is often introduced in the balance sheet originally for the purpose of enabling watered stock to be taken care of. The Ogilvies' figures on this account now stands at one dollar, and has done so for the last five years. In another company the figure has been reduced from 800,000 to 650,000 in three years. I cannot quite follow what is in the mind of the Government in dealing with leases and contracts in this paragraph. I also submit that paragraphs (j) and (k) should be limited to information since the last balance sheet.