

is desired to reorganize the company and to divide the reserves among the shareholders. Under the Act as originally passed the division of the shareholders' profit, whether it is divided in cash or in stock, would be taxed, but taxed only in so far as profits are concerned for the years in which we have taxable provisions. Now, under section 3 which I have referred to, after this no matter when the money is earned all undistributed funds will be regarded as income of the particular year. But it is felt that an opportunity should be given to companies to divide profits which were made long before we had any income tax laws, and the amendment therefore that I desire to move will deal with section 16, because that is the section which specifies when the different provisions of the Act shall come into force. Accordingly I move that subsection 4 of section 16 be numbered subsection 5, and that the following be inserted as subsection 4:

Section 3 shall come into force on the first day of January, 1921.

Amendment agreed to.

Bill reported as further amended, read the third time, and passed.

SPECIAL WAR REVENUE ACT, 1915, AMENDMENT.

On the order for the third reading of Bill 183 to amend the Special War Revenue Act, 1915, being called:

Sir HENRY DRAYTON: Mr. Speaker, I desire to make some amendments in this Bill, and for that purpose I move that the order be discharged and that the Bill be referred back to the Committee of the Whole with instructions to amend.

Motion agreed to and the House went into committee on the Bill.—Mr. Boivin in the Chair.

Sir HENRY DRAYTON: I beg to move an amendment to a paragraph on page 8. Hon. gentlemen will recollect that jewellers have not to pay any specific tax on any particular article they sell, but they pay a tax on the whole turn-over. Numerous representations have been made from various parts of the country on behalf of the tobacconists. Tobacconists and others have to pay a tax of 20 per cent on pipes sold of a value in excess of \$2.50. Jewellers handle pipes to some small extent, and although it was not thought important, apparently there is now a danger of the pipe trade being taken away from tobacconists

and given to jewellers, and that was something that was never contemplated. I, therefore, move to amend clause 2 of the Bill by inserting after the word "except" in the twenty-eight line on page 8 the following words: "Pipes selling in excess of \$2.50 each." The result of the amendment is that the special tax on pipes selling for over \$2.50 is continued whether a pipe is sold by a jeweller or any one else.

Mr. ARCHAMBAULT: Does this mean that the tax on pipes will be 20 per cent whether they are sold by a jeweller or a tobacconist?

Sir HENRY DRAYTON: Yes.

Mr. ARCHAMBAULT: I am in favour of this amendment, but might I suggest that the same discrimination exists as regards fountain pens? When fountain pens are sold by jewellers, there is a tax of 10 per cent; if they are sold by stationers there is a tax of 20 per cent. The fountain pen trade is generally in the hands of the stationer, so that there would be a discrimination in favour of the jeweller.

Sir HENRY DRAYTON: The matter at one time stood somewhat in the way in which the hon. gentleman intimates, but it has already been covered. Fountain pens now are taxable only when of a value in excess of \$5 each.

Mr. ARCHAMBAULT: But the discrimination exists just the same. Whether a fountain pen is a luxury or not does not always depend on the value of the pen. Ordinary large fountain pens are worth sometimes \$7.50 or \$8. Fountain pens are only luxuries when they are made of gold or silver. A five dollar pen is not always a luxury; indeed, in many cases, it is a necessity. I suggest that an amendment similar to the one which the minister has moved in regard to pipes of a value of \$2.50 each, should be moved in regard to fountain pens.

Amendment agreed to.

Sir HENRY DRAYTON: Another matter that has been brought to my attention is in regard to the clothing item. Journeymen tailors, regular merchant tailors, have filed statements dealing very exhaustively with the cost of made-to-order clothes. They complain that there is a large difference between a made-to-order garment and that of a ready-made suit. They also complain that at the prices now suggested, proper, reasonable wages for journeymen cannot be paid. Undoubtedly there is a difference