

Mr. ILSLEY: The point that was not appreciated by myself up to a minute ago, or by hon. gentlemen is, perhaps, that paragraph (c) is in addition to paragraph (b).

Mr. CASSELMAN: In the second part of paragraph (c) it states:

Provided, however, that where more than one child is entitled to exemption hereunder the exemption shall be limited to the sum of fifteen thousand dollars divisible amongst such children in proportion to the value of the property included in each succession.

Mr. ILSLEY: The "exemption hereunder" is under paragraph (c).

Mr. McCUAIG: As I read that section, three children without parents would receive the \$15,000 plus \$5,000 for each child, which would make a total of \$30,000.

Mr. ILSLEY: Correct.

Mr. HANSON (York-Sunbury): Is that the intention of this?

Mr. ILSLEY: Yes.

Mr. HANSON (York-Sunbury): That does not seem to be clear.

Mr. CASSELMAN: That seems to be the intention, if one reads the first half of paragraph (c). But the proviso seems to change it; it puts the limit of exemption at \$15,000.

Mr. SLAGHT: In addition to paragraph (b).

Mr. HANSON (York-Sunbury): Then it is understood that in the administration of this statute the liberal interpretation which the minister indicated will prevail?

Mr. ILSLEY: Yes.

Mr. HANSON (York-Sunbury): If it is not clear in the legislation and there is a decision on it, does the government undertake that it will be maintained?

Mr. ILSLEY: Yes. There will not be any contest about it.

Mr. MACDONALD (Brantford City): Under paragraph (e) "where the successor is the Dominion of Canada or any province or political subdivision thereof", does "political subdivision" include municipalities, cities, counties, townships?

Mr. ILSLEY: Yes.

Mr. HANSON (York-Sunbury): Referring to paragraph (d), I have had correspondence with people in more than one part of Canada who are anxious about the definition of a "charitable organization". As I understand it, that is a general term used throughout these taxing statutes, and covers not only charitable institutions such as, we shall say, an orphan asylum, but educational, religious and kindred

organizations of a charitable nature. If we could have some definite statement from the minister to put on record of what this means and is construed to mean, it would allay a great deal of uneasiness.

Mr. ILSLEY: A "charitable organization" will be interpreted and construed as including religious and educational institutions; more than that, the precise definition is just as difficult to make as the definition of "domicile". There are, however, many cases in England defining "charities" and "charitable purposes" and "charitable trusts", and the principle of these decisions has been applied and will be applied by the income tax division to this phrase "charitable organization".

Mr. HAZEN: The minister is taking the legal definition?

Mr. ILSLEY: Yes.

Mr. HANSON (York-Sunbury): That is satisfactory to me.

Mr. MacNICOL: Would the minister explain the full import of the words "active service" in subsection 3 in conjunction with the words in the next line, "in . . . Canada"? What classes are included in the words "active service . . . in . . . Canada"?

Mr. ILSLEY: This is taken from the English act. I am not sure that I am familiar enough with the organization of the army to know just what members of the forces would be deemed to be on active service and those who would not be so deemed. I myself thought that the members of the Canadian active service force, whether in Canada or abroad, were on active service—

Mr. MACKENZIE (Vancouver Centre): That is correct.

Mr. ILSLEY: That is what I thought—and that they would be entitled to the privileges of this section.

Mr. MacNICOL: "Active service" would not include the home guard? It would apply only to men who have enlisted to go overseas and are now in training in Canada, and to men who are now overseas?

Mr. ILSLEY: I did not think there was any ambiguity about the matter. Perhaps there is. I had in mind all the time the phrase "Canadian active service force". I thought that the members of that force would be on active service, and that the phrase "wounds inflicted, accidents occurring, or disease contracted" might be in or beyond Canada; but if there is any trouble about it, we shall have to amend it. I do not think there will be. As I say, this phrase "active service" was taken from the English act.