

Sir THOMAS WHITE: True, later.

Mr. LEMIEUX: Again referring to the Ontario statute, would my hon. friend (Mr. Middlebro) say if it entirely exempts from taxation the life insurance collected by a widow?

Mr. MIDDLEBRO: I think my hon. friend is confounding its exemption from seizure for the debts of the husband with exemption from taxation.

Mr. LOGGIE: Referring to subsection 4 of section 3, and dealing with the supertax only, it is not uncommon to find companies in business for many years but never declaring any dividend. They may make some profit, but they never have money to pay dividends. They are borrowers from the bank and all the profits that are available go to pay indebtedness, yet the books may show substantial profits. Or these profits may be locked up in investment that are not liquid, and cannot easily be converted into money.

Subsection 4 of section 3 provides that surplus profit, undivided, may be assessable for the supertax if the minister says so. I would point out that when the profits of one year are distributed and left in the business, then the following year the net results of the business, having the benefit of the money so left in it, will be greater than if these profits had been distributed. The increased profits are, of course, subject to the normal tax each year. That is something that the minister ought to take into consideration. I wish to draw the attention of the minister to another matter in connection with the net income of private individuals. A man who conducts, say, a dry-goods business is known as a business man. A private individual earning a salary and receiving, besides his salary, rents from houses that he owns, so that his net income is \$3,000 or \$4,000, would be considered, I assume, as a business man, and his transactions would be treated in the same manner as those of any business firm?

Sir THOMAS WHITE: Yes.

Mr. PUGSLEY: Before this section is carried, the suggestion of the member for Brantford (Mr. Cockshutt) ought to be considered. The minister has said that he will treat a man's income from his business, position or profession independently of his income from any property, for instance, that he may own.

Sir THOMAS WHITE: Not quite that.

Mr. PUGSLEY: It comes pretty near that. The minister has said that if a man receives a salary from his occupation of \$10,000, has real estate from which he receives an income and has certain other real estate which is a burden to him and upon which he is obliged to pay various amounts by way of taxes and repairs, these amounts that he pays out will not be taken into consideration when the amount upon which he is to be assessed is being determined. In a case of that kind the man will be obliged to pay taxes upon the total income which he receives from one particular source. It ought to be made clear that that is not the intention of the law. Take the case of a company which, while not engaged, in buying or selling, is engaged in the ownership and management of real estate. It owns a dozen different pieces of property; from some of that property it receives a good income, but in respect of other portions of it there is a loss. The company makes up its statement for the year, including in its statement all the property which it owns. It places on the revenue side its total receipts and on the debit side its total disbursements in respect to the entire property, and the balance is the income of that company for the year. Why should it be different in the case of the individual? If the law is to be administered differently in respect to the individual, the individual must convert his real estate holdings into the holdings of a joint stock company. It is a very easy thing to do that; but why should it be necessary? If a man wishes to hold his property, why should he be compelled to put it into a company in order to get the benefit of the exemptions which, it is admitted, exist in respect to a company? In the case of a man who owns a number of pieces of property which bring in an income and also other pieces of property the carrying of which inflicts a loss upon him, the income upon which taxation should be levied should be his net income from his entire holdings. I cannot for the life of me see why the minister should adopt any other course. In accordance with all the principles of fair play, he ought to amend the Bill so as to make it clear that the net income upon which taxation will be levied is the net income which a man gets in the fair and reasonable carrying on of his business and the fair and reasonable administration and management of the property that he owns.

Sir THOMAS WHITE: I am sorry that the member for St. John (Mr. Pugsley)