

Hon. Mr. NICOL: If a successful mining company has large enough surpluses, which would be liable to taxation, it could decide instead of paying taxes to charter airplanes and go away on exploration expeditions.

Hon. Mr. LAMBERT: Re-investment.

Hon. Mr. NICOL: That is deductible?

Dr. EATON: That is correct; that is deducted before taxation.

Hon. Mr. NICOL: Then some of us may take some trips?

The CHAIRMAN: You must first have a successful mining property.

Hon. Mr. PATERSON: Mr. Chairman, some of the operators up in the Labrador may spend money for ten years before making a dollar. Are they going to charge all those expenses up when they do start to make money?

The CHAIRMAN: This only goes up to 1952.

Section 53 was agreed to.

Hon. Mr. HAYDEN: Mr. Chairman, might we revert for a moment to section 13, at page 13 of the bill? I think it is obvious that something has been left out of the section. You will notice that it says:

Where an individual was resident in Canada during part of a taxation year, and during some other part of the year was not resident in Canada, was not employed in Canada and was not carrying on business in Canada, for the purpose of this Act, his taxable income for the taxation year is

(a) his income for the period or periods in the year during which he was resident in Canada—

After the words "where an individual was resident in Canada during part of a taxation year . . ." there should be added "was employed in Canada or was carrying on business in Canada during part of the taxation year." Should not that be added to make sense?

Mr. GAUSIE: No, he may be doing one of three things.

Hon. Mr. HAYDEN: That is what you say. You start out by saying that he was a resident in Canada during part of the year, and in another part of the year he was not resident in Canada and not doing business in Canada; then you are going to charge him taxation for part of the year when he was employed in Canada.

The CHAIRMAN: It is a question of how you read that section. It is a question whether the words "and during some other part of the year was not resident in Canada . . ." govern everything that follows.

Hon. Mr. HAYDEN: Actually, I think that is what is intended.

Mr. GAUSIE: In order for him to be taxed on income for part of the year, he must have been resident in Canada only for part of the year and not employed or engaged in business. In other words, a man may be a resident in Canada for part of the year; he may leave Canada and take up residence outside the country, but continue to carry on business in Canada.

Hon. Mr. HAYDEN: But you say in paragraph (a) "his income for the period or periods in the year during which he was resident in Canada, was employed in Canada or was carrying on business in Canada . . ."

Mr. GAUSIE: In order for this section to operate he must first be a resident in Canada during part of the year and outside Canada for another part of the year, and not employed in Canada or not carrying on business in Canada. If either of those other features apply then the section is inapplicable to him. That is what is intended, and that is the way it reads.

Hon. Mr. HAYDEN: Very well, if you want confusion, far be it from me to interfere.