

distribute them to their shareholders or carry them to reserve. Where a bank distributes \$600,000 to shareholders and carries \$400,000 to reserve we make an assessment of 10 per cent on the whole million.

Mr. PEDLOW: With regard to the point raised by the hon. member for Brome (Mr. McMaster) I think the ruling of the department which is already in force is quite clear. Suppose a man speculates outside his own business and loses. He is not allowed to deduct that amount from his income or his capital. The same law ought to apply the other way around.

Sir THOMAS WHITE: That is my own view but I do not like to commit myself to a decision involving a legal interpretation of the statute. The Commissioner of Taxation is of the opinion that there is a decision in England on the point, and that the sums in question are regarded as a return to capital.

Sir HERBERT AMES: As I expressed acquiescence in the ordinance of silence in the Budget debate, I want to take this occasion to say a few words with respect to the income tax. Before the war we were enjoying an income of about \$100,000,000. Now we are endeavouring to raise a new income, under present conditions, of about \$300,000,000. We have put that additional taxation at about the amount that we are called upon to raise. In doing that we have not only strengthened our previous sources of revenue but have introduced new modes of taxation. In strengthening previous sources of revenue we naturally availed ourselves of both the customs and excise taxes. In the increase of these two taxes the amount levied fell upon all parts of the population, but when it came to the business profits war tax and the income war tax the impost bore more heavily on one class of the population than on another, because the class that was presumably able to pay was marked out as the one from which it might be expected to secure the extra amount that was required.

When the income tax was first put on we started at a fairly reasonable low rate. We started out to raise about \$10,000,000. In the second year the income tax was increased so that we planned to raise \$15,000,000. It is now being increased so that we plan to raise \$20,000,000. We are constantly being told in the House that the income tax should be increased, especially on the incomes of the millionaires and on the wealthy men of the country. The Government is being repeatedly told that it would not be necessary to do any-

thing else than to increase the taxes of the millionaires. The Government has already made two very material increases in the income taxes. When we compare the three years, 1917, 1918 and 1919, we find the following results:

Income.	Income Tax.		
	Married man.		
	1917.	1918.	1919.
\$ 5,000	\$ 80	\$ 100	\$ 120
10,000	300	329	590
15,000	660	887	1,200 est
25,000	1,620	2,042	2,850 est
50,000	4,980	5,782	9,190
100,000	14,310	17,607	31,190

You see that the original income tax, which was moderate and which was more or less experimental, was increased, first in 1918, and is again now being very materially increased. I do not think, judging from the debate that I have listened to in this House, that hon. members realize to what a very considerable extent the income tax is being increased by the legislation now before the House. I think we should all realize that a very heavy burden has been placed by way of income tax. Of course we are not being taxed as they are in England. Canada does not begin to possess the amount of liquid wealth they have in England. We do not begin to have the number of people who can pay heavy income taxes that they have over there, where they have a country that has been accumulating for a thousand years. We have comparatively few wealthy men in this country, and if we tax these out of existence we shall have none left. Our income tax differs very little from the American income tax. It is only a trifle lower.

Mr. M. CLARK: Has my hon. friend any comparative figures as to that?

Sir HERBERT AMES: Yes, I have the figures of 1918, if you wish them. They are as follows:

Income Tax.	Canadian,		American
	1919	1918	
\$ 5,000 . . . . .	\$ 120 . . . . .	\$ 180	
10,000 . . . . .	590 . . . . .	830	
16,000 . . . . .	1,370 . . . . .	1,850	
24,000 . . . . .	2,690 . . . . .	3,490	
30,000 . . . . .	3,890 . . . . .	4,930	
50,000 . . . . .	9,190 . . . . .	11,030	
100,000 . . . . .	31,190 . . . . .	35,030	

Ours is slightly but not very materially lower.

Mr. LALOR: Is that the present American income tax?

Sir HERBERT AMES: That is the American income tax for the year 1918. The