

3. That a married person, or a person heretofore entitled to an exemption equivalent to that of a married person, shall be allowed as a deduction from the tax payable under the graduated rates, an amount of \$150.

The ACTING CHAIRMAN (Mr. MacDonald, Brantford City): There is an amendment which has been already moved. Is it the pleasure of the committee to adopt the amendment?

Amendment (Mr. Mackenzie, Vancouver Centre) agreed to.

Resolution as amended agreed to.

Resolution 4 agreed to.

5. That a deduction from the tax payable under the graduated rates be allowed a taxpayer to the extent of 20 per centum of the amount actually contributed for the support of a dependent parent or grandparent, or a brother or sister under eighteen years of age or eighteen years of age or over and dependent on account of mental or physical infirmity, or under twenty-one years of age, upon proof that such brother or sister is a student at a secondary school, university or other educational institution; provided that the maximum credit herein shall not exceed \$80.

Mr. HANSON (York-Sunbury): The same principle is in the law now, but the amount is changed.

Mr. ILSLEY: Yes.

Mr. HANSON (York-Sunbury): It is based on the \$80 deduction from the tax?

Mr. ILSLEY: Yes.

Resolution agreed to.

6. That one-half of the total taxes payable by a taxpayer under the normal rate of tax and the graduated rates of tax shall be refundable to a taxpayer

provided, however, that such refund shall not exceed

Eight per centum of the income of a single person, or \$800, whichever is the lesser; or

Ten per centum of the income of a married person, or \$1,000, whichever is the lesser; plus

One per centum of the taxpayer's income for each dependent, or \$100, whichever is the lesser.

Mr. FRASER (Peterborough West): In the case of a married person, suppose the wife had an income and the husband had an income; would so much be allowed out of each income, or would it be a straight \$1,000 for the two of them? The deduction would be made on each income?

Mr. ILSLEY: Yes, that is right.

Mr. SHAW: First I should like to say that I believe the minister is imbued with considerable courage when he introduces a policy of enforced savings alongside of an anticipated

system of voluntary savings. I have no doubt the minister has had a number of headaches in connection with matters financially, but I anticipate further headaches for him when he undertakes to operate these two systems in competition one with the other.

On a previous occasion in this house I stated that there was an aspect of the savings policy with which I took issue. I know as a fact that during the past couple of years employers have made contribution to the voluntary savings almost a condition of employment regardless of the circumstances of the individual. Some of the committees which have functioned in connection with this system of voluntary savings have in many instances made the extent of one's contribution a barometer by which his patriotism should be judged. In my estimation such practices are not commendable in any sense. Unless definite instructions are given to these officers, I visualize this condition becoming more and more critical under the combined systems of enforced and voluntary savings. Those in the lower income brackets who will be called upon to make compulsory contributions towards a post-war credit, if we may call it that, will find that as much if not more pressure will be put upon them by these committees. Unless these committees refrain from carrying on the practices now in effect, some very unsatisfactory conditions will occur.

I am afraid we do not properly differentiate between taxation and compulsory savings. I have always contended that the one is immediate taxation and the other is deferred taxation, much more vicious than heavy immediate taxation. This compulsory saving is looked upon as a post-war credit. In other words, it is considered as a nest-egg which may be drawn upon during some period following the cessation of hostilities. In Great Britain they have had these two policies in effect, that is, compulsory savings and an excess profits tax, a portion of which is refundable. The industries in Great Britain undertook to label these refundable taxes, to use the minister's phrase, as assets, but the organized accountants of Great Britain refused to accept them as such in the ledgers of the companies. I should like the minister to explain the principle whereby the organized accountants in Great Britain have refused permission to the companies there to consider these returnable taxes as assets.

Mr. ILSLEY: The returnable taxes which were not recognized as assets were that part of the excess profits tax to be refunded after the war. It was not the tax upon the individual at all.