

will not be an officer of the Income Tax Department who will indicate that such and such a thing ought to be taxed; it will be the small inspector who goes from house to house and from company to company who will include the item or items in the tax report of an employee. Then later on the employee will be told, "Well, it is too bad, but we cannot do anything—the law is there." That is what the officials have said up to the present time, and they have the right to say so—they have no discretion.

Honourable senators, if we retain this proposed amendment in the bill—and I am sure it will be retained—I think it will be regrettable, and a lot of people will be affected by it. I do not care at all if the desire is to tax a high executive on the club fees paid by his company, the entertainment allowances he receives, or the automobile that is put at his disposal. That is all right. But why does the act not specify these taxes?

I regret that the proposed addition is not clear enough and does not indicate the cases in which the department wants to levy taxation. I am afraid the general interpretation that will be given to the act will affect and embarrass many people through taxation of insignificant matters.

Hon. Mr. Howden: May I ask the honourable senator a question? If we have not enough knowledge now to correct the situation, where are we going to find it?

Hon. Mr. Bouffard: I cannot give an answer to that question. It is up to other people to do it.

Hon. T. A. Crerar: Honourable senators, I do not pose as a tax expert. I think the question of whether or not we have the power to make an amendment of this kind is beyond dispute, and that the power of the Senate with regard to legislation is co-equal with that of the members in the House of Commons. We cannot amend legislation in any way that will mean an increased charge upon the revenues, neither can a private member of the House of Commons introduce legislation for that purpose. But apart from that limitation, the Senate has full power, in my judgment, to deal with an amendment of this kind.

Then comes the question of whether the amendment is advisable. If it is not advisable for this house to consider amendments of this kind, what on earth are we here for?

Hon. Mr. Hackett: Hear, hear.

Hon. Mr. Crerar: As far as I am concerned, the motive or the purpose behind the proposed amendment to the act is rather obscure. I am inclined to agree with the honourable senator from Inkerman (Hon. Mr. Hugessen),

that it does not seem to add clarity to the existing provision in the law. It appears to me to be one of those amendments where some tax gatherers—I was almost going to say bureaucrats, but I shall not use that term—have come to the conclusion: if we can't catch them one way, we will catch them another way.

That is not a sound basis for any form of taxation. If there is one fundamental right of the subject in matters of taxation, it is that the tax be clear and definite as far as it is possible to establish it. This amendment makes no contribution to the law in this way at all, as I understand it. Just what does it mean?

A few years ago I was living in an apartment block in the city of Winnipeg. We had there a very good caretaker, who no doubt received a salary from the owners of the building. As he was a very obliging man, when Christmas came around I bought a turkey, at a cost of perhaps \$5 or \$6, and presented it to him and his wife. Now, is there anyone who will argue that he should take the value of the turkey and add it to his income so that the National Revenue authorities can collect tax on it? Is that within the scope of reason at all? I cannot imagine that it is. Yet, I venture to say that under this amendment, in a court of law the taxation authorities could prosecute that caretaker because he did not include that benefit in his tax return. That is only one illustration of a great many that could be given.

If an executive has an efficient secretary, and on his or her birthday he wants to make a present of a box of chocolates worth \$10—

Hon. Mr. Hugessen: A pretty good box.

Hon. Mr. Power: A pretty good secretary.

Hon. Mr. Crerar: Is that a benefit under this section? I do not think there is any question that that interpretation would be put on it. Do we want to use this sort of thing to increase the revenues?

I agree with my colleague to my right (Hon. Mr. Power) that there is provision in the law for appeal. And when the taxing authorities brought it to a certain point, why did they not go on and endeavour to clarify the law. They could have done so, but they realized this was a troublesome matter and decided to try to cure it by an all-embracing amendment. For the life of me, I cannot understand why it should be done.

For those reasons, and not because I am in a militant mood, for I am not, I am going to support the honourable senator from Gulf (Hon. Mr. Power).