

*Income War Tax Act*

revenue from this source; hence this proposal, which I shall ask my colleague to move, providing that an allowance of sixty per cent of such payments may be made for the amortization of film costs.

Mr. ILSLEY: I move the amendment:

Provided that an allowance of sixty per cent of such payments may be made for amortization of film cost.

Mr. CAHAN: I do not wish to make formal objection, but I suggest to the minister that, in dealing with such an important statute as the Income War Tax Act, these proposed amendments might be printed in the votes and proceedings of the previous day. It is impossible, from an oral statement of the case, to form a clear and definite opinion as to the exact extent and application of a proposed amendment.

Mr. DUNNING: This gives me an opportunity to mention that, in connection with the one amendment which I regarded as important and complex, namely the amendment to paragraph 9, I handed that in and it is printed in the votes and proceedings of yesterday. As regards this one, I am sorry to say, interested parties were still making representations at this hour yesterday. In view of the fact that when everything is boiled down the explanation is a relatively simple one I thought probably the committee would accept my statement on it.

Sir GEORGE PERLEY: I suppose the minister finds that representations do not cease until the section is finally passed through the house, and therefore it is often the last minute before he makes up his mind.

Mr. DUNNING: There are many people who were fairly sure that representations ceased to be of any use after the first day of May, and it is only in cases where it can be demonstrated that all the facts were not before the officers of the department that I even consented to receive delegations after that time. The life of the Minister of Finance is all but impossible during such a period, as I am sure my right hon. friend knows.

Mr. CAHAN: These are cases of extreme hardship.

Mr. DUNNING: Yes.

Mr. ESLING: I want to ask the Minister of Finance if this gross revenue represents the rentals which the Canadian theatres pay to the producers of films in the United States.

Mr. DUNNING: It is the gross revenue of the Canadian distributing agent that we are taxing.

[Mr. Dunning.]

Mr. ESLING: And that Canadian is the agent for the films which are produced in the United States?

Mr. DUNNING: That is right.

Amendment agreed to.

Paragraph as amended agreed to.

8. That any metalliferous mine that comes into production after the first day of May nineteen hundred and thirty-six and prior to the first day of January nineteen hundred and forty shall be exempt from income tax for the first three fiscal periods following the commencement of production;

The minister, under appropriate regulations, shall determine the date of commencement of production and the properties, new or old, that shall be determined as having come into production, having regard to the production of ore in reasonable commercial quantities, and shall issue a certificate accordingly.

Mr. CAHAN: This was mentioned in the budget speech, was it not?

Mr. DUNNING: Yes.

Sir GEORGE PERLEY: I take it from reading this paragraph and after listening to the budget speech that the minister is not changing the taxation provision with regard to established mining companies. He is simply leaving them as they were, but by this change he is providing that a company coming into operation shall be exempt from that tax for three years.

Mr. DUNNING: There is no change in the existing provisions of the law.

Sir GEORGE PERLEY: I wish to commend the minister for this action; it is a very good provision, and I think it will give encouragement to those who are seeking to develop paying mines to spend their money in that way. This will give such mines a chance to get on their feet afterwards, even when production is begun. Of course this provision of the law should be put into force very carefully.

Mr. HEAPS: I was just wondering, Mr. Chairman, if the minister could give the committee some idea as to how the term "reasonable commercial quantities" would be defined.

Mr. DUNNING: I will leave that to the administrative minister to answer.

Mr. ILSLEY: Of course the matter will have to receive careful consideration, but I would suggest that perhaps an appropriate point to regard a mine as being in commercial production would be when it has a net profit.

Mr. STEVENS: I would not dogmatize on that.