

ation depreciation in real property and securities, and in addition to that the taxation that a man may pay out upon unproductive property which he holds, we shall go a long way to defeat the purpose of this Bill.

Mr. COCKSHUTT: I would not take the depreciation without also taking the appreciation; I would take the two together.

Sir THOMAS WHITE: My hon. friend says he would not take the depreciation without taking the appreciation. We all know how difficult it is to determine the value of a piece of property at any time, and how arbitrators differ. How is the department to determine what the annual appreciation has been in a piece of property upon which a man has paid out taxes? I think there is a clear distinction between the case of a landlord with a row of houses from which he derives his income, his principal business being the administration of his property in those houses, his income being the revenue he derives from them, and his outgoings the taxation and repairs upon those properties for which he has paid during the year, and his income, for the purposes of this Act, being the difference between the two; and the case of a man who, in his calling, derives a net income of \$25,000, and who uses that \$25,000 either in speculation or in legitimate investment. For the purposes of this taxation measure, we ought to ascertain a man's income in his calling, and having determined that, assess him on that amount under this Act. Take my own case: I own some property in Canada which is non-productive, and upon which I pay, say, \$1,200 or \$1,500 in taxes. I say that I should be assessed on my income derived as a minister and any other income I may have, and that I should not be allowed to deduct the amount I paid in taxes on that unproductive property.

Mr. PUGSLEY: Suppose that, instead of being an individual, it was a real estate company?

Sir THOMAS WHITE: That is different.

Mr. PUGSLEY: It owns land with buildings on it in one block, and in the next block land which is not bringing in any income. If it is a company the minister will allow its revenues to be put on one side and its total taxation on the other. Why should the individual be treated more harshly than the company?

Sir THOMAS WHITE: The corporation is in that business. It could not legiti-

mately own the property unless it was in that business. A real estate agent should be assessed on any income he derives in respect of his business. A man owning property, deriving income from that property, should be assessed on his income in respect of that business. But the banker, who has an income of \$25,000 from the bank, should, in my opinion, be assessed upon the \$25,000, no matter what he does with the money.

Sir HERBERT AMES: Say that there is a block of houses that are rented regularly. If that is owned by a joint stock company you take the total rentals from the houses and deduct the total expenditure in connection with the properties, and, we will say, you have \$1,000 to the good. You are taxed as a company only on the \$1,000. But supposing that I, an individual, wishing to live on investments, erect a block of buildings and that the gross income is \$5,000, and that the gross outgo is \$4,000, so that the net value to me is \$1,000, shall I be taxed on the \$5,000?

Sir THOMAS WHITE: You will be taxed on the \$1,000 because you are deriving part of your income from these properties.

Mr. PUGSLEY: If all in one row, but suppose there are two separate blocks in the same town.

Sir THOMAS WHITE: The same principle would apply. The danger in allowing deductions for taxation upon non-productive property is that it is impossible to ascertain how much that property has appreciated in the year, and the man may be speculating with it.

Mr. PUGSLEY: That would apply to the row of houses too.

Sir THOMAS WHITE: Yes, and it would be open to the court to say how much it had appreciated or depreciated, but for the purpose of practically administering an Act such as this, you could not hold an inquiry as to how much each piece of property had depreciated. I should say that the onus would be on the taxpayer to show affirmatively and beyond doubt that there had been a loss in connection with that property.

Mr. LEMIEUX: Every man who has been dealing in real estate of late can tell my hon. friend that there has been a loss. Today I know individuals who are paying two, three, and four thousand dollars in Montreal for municipal taxes, and if they can-