

Senator KINLEY: What is the significance of the words "during the lifetime of the taxpayer while he is resident in Canada"? Does it mean that if he ceases to be a resident of Canada this section does not apply?

Mr. HARMER: It ceases to apply to him.

The Acting CHAIRMAN: Shall Section 4 carry?

Some Hon. SENATORS: Carried.

The Acting CHAIRMAN: Section 5—Persons wholly dependent upon more than one taxpayer.

Senator ASELTINE: I would like an explanation on this section, Mr. Chairman. I do not see how it is going to be decided which of the group is going to claim the exemption.

Senator GOUIN: That is the way it appears to me.

Mr. HARMER: That is up to the group to decide amongst themselves, and if they cannot decide, no one gets it.

Senator ASELTINE: Do I understand that if they cannot decide, nobody gets the exemption?

Mr. HARMER: That is correct.

Senator ASELTINE: That does not seem fair to me.

Mr. HARMER: Would you put us in the position of having to arbitrate these family quarrels?

Senator GOUIN: If they can't agree, I would think that somebody should have the right to decide who should obtain the exemption.

Senator ASELTINE: I suppose that each one wants it.

Senator GOUIN: Yes.

Senator CONNOLLY: I wonder whether it could not be done in a practical way by paying each other off. Even if the department did not know it, I suppose in practice they could do that, and let one of them get the exemption.

Senator ASELTINE: I have known that to happen.

The Acting CHAIRMAN: Shall section 5 carry?

Some Hon. SENATORS: Carried.

Senator ASELTINE: On division.

The Acting CHAIRMAN: Section 6?

Senator CONNOLLY: There is something in section 6 about the removal of the surtax on rental income, but I suppose that is quite clear.

Senator HUGESSEN: That means, in effect, rental income from taxable property is no longer considered an investment income for the purpose of investment tax.

Senator ASELTINE: That is to say, if I have property on which I obtain a rental, I do not pay any surtax on that amount, provided it amounts to more than \$2,400 or the amount of my exemptions, whichever is the greater, is that right?

Mr. HARMER: Yes.

Senator KINLEY: That is a change.

Mr. HARMER: Yes, sir.

Senator KINLEY: And a good change.

The Acting CHAIRMAN: Shall Section 6 carry?

Some Hon. SENATORS: Carried.

The Acting CHAIRMAN: Section 7?