

so much will be deducted from the amount which it has to pay to its shareholders. The tax will be paid by the company upon its income and therefore it will take away so much from what it has to give to its shareholders. If I understand the principle of the Bill a corporation is a "person" and must be taxed?

Sir THOMAS WHITE: That is right.

Sir WILFRID LAURIER: Then we will come to the effect upon the shareholders later on?

Sir THOMAS WHITE: Later on.

Mr. GRAHAM: Might I give another case that may, and probably will, arise? It will make a difference in the amount of the tax whether the combined income of a man and his wife be taxed or whether the income of each be separately taxed. The combined incomes may be subject to the super tax. Separately neither of the two incomes may be liable to the super tax. Where there is a legal or proper division of incomes, as there are in many families, each should be taxed separately. That principle is right, I think.

Sir THOMAS WHITE: Yes, I think so.

Mr. GRAHAM: I would ask the minister to consider a suggestion to discourage the separation of incomes which are now one in order to evade the payment of the tax. A husband might have an income of \$8,000, and the income might be separated so that the husband and wife would each have an income of \$4,000. If taxed separately they would not be subject to the super tax, while the income of the husband alone would be subject to the super tax. Legitimate incomes, where the husband and wife have their incomes separately, ought to be taxed separately and not combined, but to prevent any attempt to evade taxation which might possibly be made, I would suggest to the minister that he have something in his mind as a preventive of what might otherwise occur.

Sir THOMAS WHITE: The only way that occurs to me to meet that situation would be to allow only one exemption, namely, \$3,000, in respect of the joint incomes of husband and wife living together. It seems to me that that would meet the case. I hesitate to do that because they are both liable to assessment, and under the Bill they are both entitled to the exemption. My own view is that, just as men will not divest themselves of their property to escape the succession duty tax, it is not pro-

bable that men would on a large scale divest themselves of securities to provide a separate income for their wives in order to avoid this taxation. They might do so, but I think it extremely improbable. I shall be glad to consider the matter further, and if, in the opinion of the committee or a substantial proportion thereof, it would appear desirable that we should allow only one exemption in respect to the joint incomes of husband and wife living together, I shall be glad to amend the Bill.

Sir WILFRID LAURIER: You give an exemption to everybody who has an income?

Sir THOMAS WHITE: That is what we have done.

Sir WILFRID LAURIER: I agree with that.

Mr. MIDDLEBRO: A concrete instance was brought to my attention on the way down to Ottawa last week. I met a gentleman on the train, a married man, who said that he had an income but not up to the mark of \$3,000. His wife also had an income not up to \$3,000. Neither would be liable to the income tax, but he said that he was quite willing that the two incomes should be combined and that they should pay the income tax.

As I understand, the object in giving the exemption of \$3,000 is to enable a man to maintain a wife and family, and for no other purpose. If that purpose is served by an income of \$3,000, I do not see why the two should have an income of \$6,000 without being taxed.

Mr. C. A. WILSON: I do not agree with that proposition, nor do I see its equity and justice. If my law partner and I each make \$5,000 should our income be combined to make a sum of \$10,000 to come under the supertax?

Mr. MIDDLEBRO: You have two households.

Mr. WILSON: A good wife is earning a certain amount of money by keeping house for her husband, and the husband is working at his occupation, whatever it may be. Why should we add the earnings of the wife to those of the husband to tax a lump sum? In the province of Quebec, under our civil code, sometimes the husband must support the whole household and sometimes the wife, according to the marriage settlement.

Mr. MIDDLEBRO: My hon. friend has missed the whole object of the Act, which