

disadvantage as compared with the United States. After the war is over, we want to compete in the markets of the world; we want to put our Canadian industry on a par with American industry so as to be able to compete. We cannot do that if all the industries are overtaxed as we go along. Take the two firms of which I spoke, one on each side of the Detroit river. In three years the American company will have raised its capital from \$300,000 to \$400,000, while the Canadian firm, supposing it is able to pay a small dividend during that period, will be able to raise its capital only from \$300,000 to \$350,000. Which is best fitted to compete in the markets of the world—the firm that has been allowed to prepare itself for the reconstruction period, or the firm which has been stripped of practically all its earnings as it goes along? The Government should give this matter serious consideration. What is a matter of three or four million dollars of revenue compared with having it known in Europe, Canada and the United States that the taxation in Canada on business profits is the heaviest in the world, and that new capital, if it comes in, must face that contingency?

Mr. A. K. MACLEAN: Many representations have been made to the Government along the lines pointed out by my hon. friend. For the present it is the policy of the Government to renew the business profits tax at the same rate as provided for during the last three accounting periods. It is proposed, however, to impose this tax only year by year. It is not a tax that might fairly be imposed upon business after the conclusion of the war. The amendment which provides for the re-enacting of clause 3, which is the taxing clause of the Bill, provides that it shall continue in force and be effective only until the 31st day of December, 1918. During that period, the Government will, of course, be glad to hear any representations from the business men of the country, and if it should appear that the tax is too onerous, the Government shall be pleased to give every consideration to such representations. In the meantime, it is the policy of the Government to renew this taxation.

#### INCOME.

Resolved, That it is expedient to amend the Income War Tax Act, 1917, and provided that "dependent child" shall mean a child under twenty-one years of age and dependent on its parent for support or over twenty-one and dependent on its parent for support on account of physical or mental incapacity; that paragraph (b) of section three be repealed and that an

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exemption of two hundred dollars be allowed for each dependent child under sixteen years of age; that paragraph (d) of section three be amended by striking out the words "or from the net earnings"; that subsections one and two of section four be repealed and that it be provided that there shall be assessed, levied and paid upon the income during the preceding year of every person residing or ordinarily resident in Canada or carrying on any business in Canada and upon the income received by any person from any source within Canada the following taxes:—

(a) two per centum upon all income exceeding one thousand dollars but not exceeding fifteen hundred dollars in the case of unmarried persons and widows or widowers without dependent children, and exceeding two thousand dollars but not exceeding three thousand dollars in the case of all other persons; four per centum upon all incomes exceeding fifteen hundred dollars in the case of unmarried persons and widows or widowers without dependent children, and exceeding three thousand dollars in the case of all other persons;

and in addition thereto,

(b) two per centum upon the amount by which the income exceeds six thousand dollars and does not exceed ten thousand dollars; and

(c) five per centum upon the amount which the income exceeds ten thousand dollars and does not exceed twenty thousand dollars; and

(d) eight per centum of the amount by which the income exceeds twenty thousand dollars and does not exceed thirty thousand dollars; and

(e) ten per centum of the amount by which the income exceeds thirty thousand dollars and does not exceed fifty thousand dollars; and

(f) fifteen per centum of the amount by which the income exceeds fifty thousand dollars and does not exceed seventy-five thousand dollars; and

(g) twenty per centum of the amount by which the income exceeds seventy-five thousand dollars and does not exceed one hundred thousand dollars; and

(h) twenty-five per centum of the amount by which the income exceeds one hundred thousand dollars and does not exceed two hundred thousand dollars; and

(i) thirty per centum of the amount by which the income exceeds two hundred thousand dollars and does not exceed four hundred thousand dollars; and

(j) thirty-five per centum of the amount by which the income exceeds four hundred thousand dollars and does not exceed six hundred thousand dollars; and

(k) forty per centum of the amount by which the income exceeds six hundred thousand dollars and does not exceed eight hundred thousand dollars; and

(l) forty-five per centum of the amount by which the income exceeds eight hundred thousand dollars and does not exceed one million dollars; and

(m) fifty per centum of the amount by which the income exceeds one million dollars;

and in addition thereto the following surtax.

(n) five per centum of the tax payable upon income in excess of six thousand dollars but not exceeding ten thousand dollars;

(o) ten per centum of the tax payable upon income in excess of ten thousand dollars but not exceeding one hundred thousand dollars;

(p) fifteen per centum of the tax payable upon income exceeding one hundred thousand