

such a very small reduction. In the case of a man with \$1,000 property there will be a four-cent reduction instead of a forty-cent one. Every city, town and county in New Brunswick is raising money by taxation; practically every city, town and county in Nova Scotia is making a contribution by taxation; Quebec province is contributing \$1,000,000 raised by taxation; Montreal, Sherbrooke and other places are making contributions raised by taxation; practically every county council in Ontario is raising money by taxation, at the rate of one, two, or three mills on the dollar; Toronto, Peterborough, St. Thomas, London and many other cities and towns are raising sums by taxation; and throughout Canada three-eighths of the money that is being raised is being raised by taxation. If you are going to figure that all down to the tiniest sums in the case of individual contributors, you are going to have such an amount of book-keeping that it will hardly be worth while.

So I would not ask any recognition of moneys paid into the Patriotic Fund on a man's regular tax bill. But where a man voluntarily contributes a generous amount I should like to see that reckoned as money contributed directly to the war, and to see the whole amount deducted from what he would pay as income tax. Even if that is not done in 1917, certainly in 1918 he should not be taxed for income on the amount he generously subscribed to the Patriotic, the Red Cross and other funds.

Mr. A. K. MACLEAN: I have had many representations that patriotic contributions would suffer very much if the contributors were not given credit for their contributions upon the tax and not upon the assessment. I shall read a passage from a letter which I received to-day from a gentleman in Toronto, once a minister of the Crown:

In my way of thinking, the only way to prevent such funds as the Patriotic suffering from heavy reduction is to let contributors, under the supervision of the department, deduct from the income tax the amounts they give to these funds.

In other words, he suggests that, instead of considering these contributions in calculating the assessment, they ought to be applied in reduction of the tax after it is fixed. If the tax results in a substantial diminution in the contributions to the fund we shall create a burden which the state must take up, and it may be a very sound conclusion to reach that the deduction be made upon the tax and not upon the assessment.

[Sir Herbert Ames.]

Sir THOMAS WHITE: I have endeavoured to bear in mind that if the tax is too heavy it may seriously affect contributions to the Patriotic and Red Cross Funds, which have been so generously supported by the people of Canada. But if we allow contributors to these funds to deduct their contributions from the amount of taxation to which they are liable under this measure, will that not be tantamount to our paying their subscriptions? There might be cases in which subscribers have subscribed, and will subscribe, more than the amount of their taxes, but it would seem to me that if we took their subscriptions as cash in payment of the taxes under this measure, the Government would simply be paying their contribution and assuming the burden of the fund to that extent. My hope was and is that this income tax, while undoubtedly heavy, is not unduly heavy, having regard to war conditions, and that the well-to-do people of this country who have done so well with the Patriotic and Red Cross Funds will still continue their subscriptions. I have believed it desirable not only that the Patriotic Funds and Red Cross should be sustained, but that these contributions should be continued in the interests of the donors themselves, because when a man gives to the Patriotic Fund or any other worthy object, he really benefits himself as well as the object to which he is contributing. In connection with the Patriotic Fund these contributions have made for patriotic spirit which has meant a great deal in connection with the prosecution of this war.

I assure the committee that it is from no lack or desire to be generous, in so far as the Government can be generous in this matter, that we have drafted the Bill so as to allow the contributions from the income rather than from the amount of taxes payable in respect of the income. I think it best to leave the Bill in its present form. We have been asked to make exceptions to the extent that a man contributes to religious and other philanthropic purposes. I did consider all these matters very earnestly when we were fixing the rates, particularly of the supertax. I was exceedingly anxious that the taxation should not be so severe as to dampen the patriotic enthusiasm of the people of Canada which has resulted in such splendid contributions to the Patriotic and Red Cross Funds.

Mr. SCHAFFNER: I understood the member for Montreal, St. Antoine (Sir Herbert Ames) to say that moneys voluntarily paid into patriotic funds would be deducted from