

## Income Tax Act

some illustrations of possible tax evasion or the possible setting up of a tax haven that would result under existing section 7 (1) of the Income Tax Act.

Again it is a matter of public record—and I am not going to take the time of the house to repeat some of the evidence—that in the other place they did have a discussion of this matter in the Senate banking and commerce committee. That is a procedure that was not followed here. I admitted that it is not too usual on budget bills to examine the tax officials in a Commons committee. However, in the other place they did have a thorough examination of the resolutions, and they examined officials of the national revenue department and officials of the minister's Department of Finance. Then by quite a substantial vote they decided that in their opinion they had not been presented with evidence indicating that the proposal was likely to be advantageous to Canada but that, on the contrary, it would be better for Canada to have the present law continued.

The minister, of course, told this house in May that in the meantime he was proposing to examine carefully into all the ramifications of this particular law. I want to indicate that as I read the evidence in the Senate committee, the discussions, the debates and so on in the other place, it would appear to me that the examples given by the minister at page 3305 of our *Hansard*, to which I referred, did not stand up as examples that should worry us unduly with regard to any tax loss for Canada.

The minister referred to the question of whether or not the Senate should, under our rules, have authority to amend what is called in common language a money bill. The minister also made reference to the precedent of 1917, but his conclusion is rather different from mine. I understand that in 1917 the then leader of the opposition, Sir Wilfrid Laurier, did not, as the minister has indicated, concur in the proposal. My information is—and I have had a very brief opportunity to look at the precedents—that Sir Wilfrid Laurier, then leader of the opposition, resisted the motion. I have here a quotation from his remarks at that time, to this effect:

—this house alone has the privilege of dealing with money bills. The only right the Senate has is that of rejecting or assenting to such money bills.

The minister has indicated to us that the effect on the revenues by this amendment is inconsequential. He has decided in view of that fact not to regard this as a precedent, but on the contrary simply to accept it reluctantly without it being binding in future.

**Mr. Fleming (Eglinton):** If my hon. friend will permit me to say so, I think he will find that while Sir Wilfrid took that firm position, as did the minister of finance and the Speaker at that time, in the final analysis it was thought that having regard to the advanced stage of the session, the house would not press the matter to a conclusion but would accept the amendments, and stated its waiver in terms similar to those of my motion today. But Sir Wilfrid did concur at the final stage.

**Mr. Benidickson:** Mr. Speaker, we are in rather an amusing position in that in both the resolution of 1917 and that of 1921 the words of the motion of the House of Commons were in these terms:

The waiver of the said rights and privileges is not to be drawn into a precedent.

My hon. friend today, of course, sort of adds precedent to precedent, and I hope he will have some further explanation to make.

**Mr. Fleming (Eglinton):** Mr. Ilsley did the same thing.

**Mr. Benidickson:** That was the second precedent, but precedents build on each other and get increased strength from repetition. The important thing I would like to bring to the minister's attention is this. I would like to hear his reply to the evidence of public availability, the evidence before the banking and commerce committee of the Senate, and the debate after that committee reported to the Senate on June 16 and 17, I think it was, in which I felt that the other place had completely destroyed the examples which were given to this house by the Minister of Finance on May 4 as possibilities of tax avoidance deleterious to the interests of Canada. I would hope that the minister would give some reply to the evidence, which I have no doubt he has read, given in the other place.

**Mr. Hazen Argue (Assiniboia):** Mr. Speaker, I am not—

**Mr. Speaker:** May I say, before the hon. member begins, that I would like to deal with a question of order which arises on this motion, and I think it might be more convenient to deal with it before the minister replies.

**Mr. Argue:** Mr. Speaker, I do not intend to deal in any way with the merits of the action that has been taken by the Senate. The responsible minister, the Minister of Finance, acting for the government is prepared this time to accept these amendments but to declare that by our acceptance the House of Commons in no way waives its rights and privileges.