

varied its income tax, it lowered the amount and I think the income tax in Canada this year approximates, and probably equals, the income tax levied in the United States.

There is another point to which I should like to direct the attention of the House and particularly of the Minister of Finance. On two previous occasions I have discussed the matter here without very great success, although the Acting Minister of Finance last year held out the hope that this year my contention would have weight and might be crystallized into legislation. What I have urged, and what I am urging now, is this: That in the case of married people the extra exemption be not given to both the husband and the wife. Under the resolutions brought down, an unmarried person is entitled to exemption up to \$1,000, and a married person up to \$2,000. Now the fundamental of the distinction would appear to be that a married person, having the responsibility of a family on his shoulders—I use the masculine, because as a rule, the responsibility for the household is on the man of the House—an additional \$1,000 exemption should be given before any income tax is collected. But the way the resolution is drawn, and as the law has always been in Canada, if a woman also has an income she is entitled to the same exemption as a married woman as her husband is entitled to as a married man. Now why should a man and a woman, because they are married, be entitled to an exemption of \$3,950, whereas a brother and sister would only be entitled to an exemption of \$1,950? I think that is one reason why our income tax has not brought into the coffers of the country just as much as we expected it would, because the great majority of incomes are small incomes, and when you start off with an exemption for a married couple of approximately \$4,000, it necessarily follows that the great majority of the families of the country escape. It has always seemed to me it was but fair that only one exemption should be given to man and wife, and that the aggregate income of the two should be taxable thereafter. I think it should be taxable for this reason: There is no class in the world that can more easily escape income taxation, if they desire to do so, than a man and wife who are not prepared to accept the legislation in the spirit in which it was enacted.

For instance, if a man has an income of \$3,800 and he desires to escape, or have his family escape taxation altogether, it is the simplest thing in the world for him to trans-

[Mr. Nickle.]

fer half of his stocks into his wife's name. All he need do to make that transfer is to send one-half of the stock certificates to the headquarters of the company or the trust company that looks after transfers for the company and have the transfer made and the stock issued in his wife's name. If he desires to protect himself from any possibility of her keeping the stock and not being willing to return it to him later on, he can insist that she endorse the certificate in blank back to him, and all that he has to do is to keep it in his strong box and when the time comes he can use the certificate because it has been endorsed in blank. The income on the stock will be paid to the wife because the record of the company shows the stock in her name. But while the stock is in her name the actual ownership of it is in the husband. I do not say that much of this is done, I do not know of any case in which it has been done, but I think we should endeavour to frame our legislation so as to avoid subtleties of the kind to which I have drawn attention, and to provide that married people should not be afforded an exemption to which they are not entitled.

Resolution agreed to.

On section 12:

Sir THOMAS WHITE: I move that this section be struck out, as it is not necessary.

Motion agreed to.

On section 13:

13. That every person required to make a return of his income under subsection one of section seven of The Income War Tax Act, 1917, who fails to make a return within the time limited therefor shall be subject to a penalty of twenty-five per centum of amount of the tax payable, and every other person who is required to make a return under the provisions of the said section who fails to do so within the time limited therefor, will be subject to a penalty of ten dollars for each day during which the default continues, and all such penalties shall be assessed and collected from the person liable to make the return in the same manner in which taxes are assessed and collected. Provided that the minister may on application extend the time for making a return in such circumstances as he may approve.

Mr. J. H. SINCLAIR: Has the minister any power to enforce penalties under this section?

Sir THOMAS WHITE: The minister has no power. Under existing legislation the only thing the minister can do in the event of a party who is assessable failing to make a return is to summon him before the magistrate. I need not enlarge upon the difficulty