

distribution in any form of the property of the company. There would be a very large loophole open, and I think the minister might take that into consideration.

Mr. ROBB: I will do that.

The CHAIRMAN: The amendment is withdrawn.

Section agreed to.

Mr. RYCKMAN: I do not think we should leave the work of this House to the Senate. Surely if this section should be put in some other form to accomplish the end the minister has in view, it can be done here.

Mr. ROBB: May I point out to my hon. friend that the legal officials of the department have carefully gone over this, but we have the advantage here to-night of the legal knowledge of members of the House, and I think it is only fair after hearing them that we should have the opportunity of determining what is best.

Mr. RYCKMAN: I understood that the section was passed without any amendment or change at all.

Mr. ROBB: It is passed on the understanding that the legal officers will be requested to go into it again and take cognizance of the observations made here.

On section 6—Partnerships.

Mr. BAXTER: Does subsection 3 (a) in any way conflict with the provision in the Income Tax Act at present? I have not had an opportunity of comparing them, but I think that under the Income Tax Act you may base your statement either on your book accounts or on your cash receipts. Some people do one, some the other. It is as broad as it is long over a period of time. Is this intended to alter that at all, because I note it says, "whether withdrawn or not during the taxation year?" I know it is a very common thing in my own profession simply to put in the income tax statement based on the actual cash receipts, because it is in fact impossible in legal business to estimate from day to day just what the charges are in a particular matter, and therefore the profession I think invariably uses the cash receipt system. I take it this is not intended to interfere with that at all. If it is, I would like to know it, because it would require considerable discussion.

Mr. ROBB: It is not intended to interfere with the practice outlined by my hon. friend.

Mr. MILLAR: I do not know whether the question comes up under this clause, but it is probably as applicable here as anywhere else. I refer to a ruling of the commissioner that the fees paid by a lawyer to a bar association were deductible from income before calculating the income for taxation; in other words, that they were not subject to taxation.

Mr. BAXTER: It is too trivial to talk about, is it not?

Mr. MILLAR: No. The principle is there, no matter what the amount is.

Mr. BAXTER: It is only five or ten dollars.

Mr. MILLAR: Yes, but the principle is there just the same.

Mr. ROBB: A lawyer cannot accept cases before he has paid his license fee. It is a legal tax upon the business.

Mr. MILLAR: Would the fees paid by a dentist to his dental association, and by a doctor to his medical association, be exempt in the same way?

Mr. ROBB: Only where the fees are compulsory under the laws of the province.

Section agreed to.

On section 7—Tax to be a lien.

Sir HENRY DRAYTON: In connection with this whole section, there has been a great deal of difficulty over the question of these liens. The mortgage associations have pointed out that they will have to withdraw from business under the old law passed last year. They have shown that loans cannot safely be made and certificates cannot properly be got, and that it is impossible for a lawyer to give a proper certificate. The question I am going to ask my hon. friend is this: Have the sections been submitted to the loan associations, and if so, are they satisfied with them? It is in the interests of everybody that there should be no difficulty about people being able to borrow money on mortgage.

Mr. ROBB: They have been consulted. This is from the Toronto Board of Trade, giving a list of those who attended the meeting. They are as follows:

Vice-President, Bond Dealers' Association of Canada.
Secretary, Canadian Bankers' Association.
Secretary, Canadian Life Insurance Officers' Association.

Member Legal Committee, Canadian Manufacturers' Association.

Legal Secretary, Canadian Manufacturers' Association.
President, Dominion Mortgage and Investments' Association.