

Inquiries of the Ministry

central traffic control circuit between Drummondville and St. Cyrille so that trains had to run on train orders over this section.

Train order was given to train 60, at St. Hyacinthe, together with several others, to the effect that No. 1 was to run six hours late and that No. 60 was to run Drummondville east to St. Cyrille west. No. 60 should have stopped at the signal at St. Cyrille west, which was displaying "stop" indication, and contacted the train controller at Levis, who would have authorized it to proceed to St. Cyrille station, at which point a terminal clearance would have been issued. Instead, however, train 60 passed the signal at "stop" indication, failed to obtain the terminal clearance form, passed governing signal at east switch at St. Cyrille also displaying "stop" indication, and ran through the switch of siding which was set for No. 1 to enter, thus entering the central traffic control territory in face of No. 1.

INCOME TAX**FARMERS—CHANGES IN METHOD OF COMPUTING DEPRECIATION**

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): May I ask the Minister of National Revenue if he is ready to answer the question I asked yesterday regarding the computation of depreciation on farm properties?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, the question which the hon. member for Rosetown-Biggar asked yesterday has just been brought to my attention. He asked whether the minister would consider delaying the coming into effect of the depreciation rates that were provided for by order in council on January 31, and applied to the year 1949. The answer is that it would not be advisable to delay the coming into effect of these depreciation rates with reference to farmers, because of the fact that at the end of the year farmers file only interim returns. Like every other taxpayer, the farmer makes his final return on or before the 30th of April of the next succeeding year. Therefore he will have plenty of time to readjust it, and it is not an inconvenience to the farmer. There may be a little inconvenience in so far as administration is concerned, but we are prepared to take on that extra work.

Mr. Hansell: May I say that I have a letter from an accountant who points out that over fifty of his clients have already made their returns, not knowing of these changes. Will the regulations be enforced, so far as those who have already made their final returns, on the basis of the old rates? Some of them have made their final returns.

Mr. Knowles: Because of advertising encouraging them to do so.

Mr. McCann: The new rates are of much greater advantage to the farmer. If he does not care to take advantage of the increased rate of depreciation, then he will be assessed upon the rate which he has used as the basis in filing his return.

Mr. Hansell: It is a decrease in depreciation on farm machinery.

Mr. Ross (Souris): On the 1st of March I had a question answered pertaining to the same subject. I have studied the order in council, and I have had correspondence from farmers who have made out their returns. They find there are changes which are not as beneficial to the farmer as the former provision in that regard, and there will be much contention on that very point.

Mr. Charlton: If I may ask a supplementary question, when the budget was being discussed last year did not the government give the farmers an undertaking that this change would not be made effective with respect to 1949 taxation?

Mr. McCann: The hon. gentleman will remember that objection was voiced in parliament, and it was urged that the new depreciation rates should not affect farmers and fishermen on the diminishing balance scheme; so the old rates still obtain for the farmers, as they were prior to these orders in council. As I say, it is a matter of administration. The farmer has the advantage in that he can write his losses backward and forward over a period of years, and it is only a matter of adjusting them through the administrative officers.

Mr. Charlton: Am I wrong in my understanding that there has been a change under these orders in council reducing the depreciation on power equipment by five per cent? Of course there has.

Mr. Ross (Souris): I should like to have this made clear, because I have had correspondence with people who have automotive equipment. In past years they have been allowed to depreciate it at twenty per cent, but this order in council distinctly sets out a rate of fifteen per cent. Will they be allowed to depreciate at the rate of twenty per cent, or not?

Mr. McCann: There has been such a multiplicity of questions in reference to the matter of depreciation, some of which I did not get very clearly, that I shall have to prepare a statement on the matter, either for tomorrow or the next day.