

Hon. Sir JAMES LOUGHEED: Precisely.

Hon. Mr. BOSTOCK: The Government have found themselves up against that trouble in regard to the enforcement of this Act up to the present time?

Hon. Sir JAMES LOUGHEED: Yes, that contention has been advanced, and this provision is to clear up any doubt that may exist.

Hon. Mr. CLORAN: As to this income tax, suppose a man has a salary of \$2,000—

Hon. Sir JAMES LOUGHEED: This is not an income tax bill.

Hon. Mr. CLORAN: No, but I want to know what is meant by income tax. Suppose a man drawing a salary of \$2,000 has to pay civic taxes, interest on his property, etc.—say, \$300 or \$400; will his income be reduced by the amount of civic tax, provincial tax and mortgage interest?

Hon. Sir JAMES LOUGHEED: Not if they were personal expenses of his own. He pays them just as he would pay rent.

Hon. Mr. EDWARDS: Supposing that a man's so-called income is actually \$2,000, and that his liability in interest and otherwise is \$2,000, how would he pay taxes?

Hon. Mr. CLORAN: That is my point.

Hon. Sir JAMES LOUGHEED: I am not working out the problem as to how he would pay it. The only thing I say is there is the liability.

Hon. Mr. CLORAN: But his income is not \$2,000.

Hon. Sir JAMES LOUGHEED: It is for him to work that out, and for the Government to work out how they shall get the tax.

Hon. Mr. CLORAN: That means that I would pay a tax on \$2,000, but I do not get that much, and when I have not got it, I do not think it would be a fair taxation.

Subsection 2 was agreed to.

On subsection 3—paragraph c of section 3 repealed:

Hon. Mr. BOSTOCK: What is the object of cutting out this paragraph c from the Act of 1916? Is it because the Government has found that to be absolutely unworkable?

Hon. Mr. DANDURAND.

Hon. Sir JAMES LOUGHEED: Yes, it is for that reason it is repealed.

Subsection 3 was agreed to, and section 1 was agreed to.

Section 2 was agreed to.

On section 3—dividends paid considered a reduction of reserve, etc.:

Hon. Mr. BOSTOCK: What change was made in that?

Hon. Sir JAMES LOUGHEED: As a matter of fact, there is no change in practice; it is simply for administrative purposes.

Hon. Mr. BOSTOCK: It is looked upon as reserve just the same?

Hon. Mr. CLORAN: Yes. This declares what shall constitute a reserve.

Sections 3 and 4 were agreed to

The Bill was reported without amendment, read the third time, and passed.

The Senate adjourned until 3 p. m.

Second Sitting.

The Senate met at 3 p.m., the Speaker in the Chair.

A NEW BLACK ROD.

On the Orders of the Day:

Hon. Mr. POWER: I should like to ask a question of the leader of the Government on a matter which I suppose interests all of us. It will be remembered by gentlemen who were members of the House last year that the Committee on Internal Economy recommended the purchase of a new black rod to take the place of the one which was destroyed by the fire. The committee took a liberal view of the matter, and, having due regard to the dignity of this House, decided to have a very superior black rod prepared. Now, I have seen it stated in the newspapers that some public body in England have decided to present a new black rod to the Senate of Canada, and I think we would naturally like to know whether that report is correct or not.

Hon. Sir JAMES LOUGHEED: Communications have been received from the Secretary of the Empire Parliamentary Association, which, as my honourable friend knows, is an Imperial organization, intimating their desire to present to the Senate of Canada a black rod. Upon the Prime Minister reaching the other side, which we hope he will do safely at an early