

Hon. Mr. BELCOURT: The only case, I think, in which the burden is increased is with regard to non-residents. In the past certain non-residents have escaped. They will not be able to escape for the year 1929.

Hon. Mr. WILLOUGHBY: Would that apply to this clause? It would apply to the preceding one.

Hon. Mr. DANDURAND: Yes. It does not apply to this clause.

Hon. Mr. WILLOUGHBY: No. This is going to result in a refund in some cases, and in extra payment in others.

Hon. Mr. BELCOURT: Those who have escaped before will not escape for the year 1929.

Hon. Mr. BARNARD: So to that extent it is retroactive. Further taxation is imposed upon them.

Hon. Mr. BELCOURT: Those people never should have escaped.

Hon. Mr. BARNARD: There should never have been an income tax at all.

Hon. Mr. WILLOUGHBY: Has the honourable gentleman any idea of what return the Treasury expects to receive when these amendments take effect? It will get some retroactive taxes out of non-residents, and will lose something on the others.

Hon. Mr. DANDURAND: About \$30,000.

Hon. Mr. WILLOUGHBY: That is what the Treasury will make?

Hon. Mr. DANDURAND: Yes.

Hon. Mr. WILLOUGHBY: I did not know the reason for the generosity.

Section 7 was agreed to.

The preamble and the title were agreed to.

The Bill was reported.

THIRD READING

Hon. Mr. DANDURAND moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

SPECIAL WAR REVENUE BILL

CONSIDERED IN COMMITTEE

On motion of Hon. Mr. Dandurand, the Senate went into Committee on Bill 311, an Act to amend the Special War Revenue Act.

Hon. Mr. Béland in the chair.

Hon. Mr. WILLOUGHBY: I am told the Bill has not yet been distributed.

Hon. Mr. DANDURAND.

On section 1—excise tax on sale, transfer or assignment of stocks, etc.:

Hon. Mr. DANDURAND: The honourable gentleman from Nipissing (Hon. Mr. Gordon) has asked me to explain the working of section 58, which is a modification of the section passed last year. The honourable gentleman has stated that money transactions should be taxed on an equal basis, and suggested that there should be a sliding scale reducing the taxation in proportion to the reduction in the size of the transaction. To him it seems that some of the items here indicate that the levy on a small transaction is higher than on a larger one. All I can say to my honourable friend is that the change of last year was made because of pressing requests from men dealing largely in stocks and debentures, who claimed that under the old system the book-keeping was most difficult, and stated that they preferred a flat levy upon the face value of the stock. The Department of Finance, after considering their representations, reached the conclusion that it would simplify the tax to accede to the request.

Hon. Mr. GORDON: Was that request from brokers?

Hon. Mr. DANDURAND: It came from the exchanges in Montreal and Toronto. They are, I suppose, the largest dealers in stocks in Canada. The Minister of Finance has found the levy on the smaller transactions to be a cause of complaint, and he has materially reduced the levy. He has found also that some of the transactions were so small that a flat levy could not be fixed. If there has been discrimination in favour of the more expensive stocks, as my honourable friend (Hon. Mr. Gordon) contends, it has apparently not been objected to by stock brokers. It would seem that the Finance Minister endeavoured by amending the Act to make the levy as equitable as possible.

Hon. Mr. GORDON: I will give an illustration in an endeavour to show the House that the Finance Minister has taken a wrong view of the whole situation. Let us suppose that five men desire to procure \$1,000 each from the sale of stock. Mr. A has one share of Sun Life stock, which will bring him in more than \$1,000: I suppose he would get about \$2,400 for it at the present time. The tax on the sale would be only 5 cents. Mr. B sells five shares of Consolidated Smelters at about \$217 a share, and pays a tax of 25 cents, or five times the tax that Mr. A pays in selling stock valued at more than twice the money. Mr. C sells thirty shares of Nickel at \$33.30 a share and he pays 60 cents tax. Mr. D sells 143 shares of Hollinger at \$7 a