

Hon. Mr. DANDURAND: Our income tax will be reduced after the war.

Hon. Mr. BEIQUE: I do not know.

Hon. Mr. CASGRAIN: It will take a long time to reduce it.

Hon. Mr. BEIQUE: I am afraid that at the rate at which we are going it will not be reduced for a long term of years. I am afraid that it will be a very great obstacle to the development of this country. I quite appreciate, as the honourable leader of the Opposition has stated, the indirect advantage. It will have the effect of stirring up leaders in society. Men of wealth are as a rule men of influence, and they will better realize the necessity of seeing that the country is properly administered and that expenditures are not lavishly made, because they will recognize that they will be called upon to put their hands deeply into their pockets to defray any unnecessary expenditure.

I quite agree with what has been said with regard to some features of this Bill. First, I think the word "income" is not properly defined. The honourable the Minister of Finance admits that it was intended to mean net income. If that is so, it should be clearly stated in the Bill. If it is not so, it would not be fair, because a man may receive an income of \$3,000 a year, and outside of his living expenses he may have to pay taxes, interest on mortgages, and other things, amounting in all to very near the total of his income. It would not be fair to tax that man to the same extent as if he had no debts. This is one of the features of the Bill which should be changed.

There is another feature of the Bill upon which I think this House should express its opinion—I refer to the question of a man's family. The Bill goes on the principle that if a man is unmarried he should be satisfied with \$1,500 a year free of taxation, and if he is married the amount is increased to \$3,000; but no difference is made between a man who is living alone with his wife, having no other dependents, and a man who may have six, seven or ten children. It violates one's sense of justice to accept a principle of that kind. The principle which obtains in France, and I think also in England, should be followed. It is a proper principle. Living is too expensive to say that there shall be no difference made between a man who has five or six or ten children dependent upon him and a man who has no person dependent upon him but his wife.

There are other features of the Bill which will have to be looked into. I refer particularly to subsections a and b of section 3. I would not go into the details now but for the fact that I may not be able to be present when the Bill is considered in committee. Subsection a excepts "the value of property acquired by gift, bequest, devise, or descent." On referring to the debate in the House of Commons I find that the Minister of Finance stated that it was not the intention to exempt the income on such properties—that it was the intention to exempt only the capital. If that is the case it should be so stated, because if it is not stated I am very much afraid that the accessory will go with the principal; therefore not only the principal but the income would be exempted, and it would not be fair at all. Take the case of a man who has inherited \$5,000,000 or \$10,000,000 of property—and we all know of such cases—if the whole of that fortune, or if the income from it were exempted, it surely would not be fair. Subsection b says:

The proceeds of life insurance policies paid upon the death of the person insured, or payments made or credited to the insured on life insurance endowment or annuity contracts upon the maturity of the term mentioned in the contract or upon the surrender of the contract.

If that provision were to remain in the Bill it would be very easy for a man to transform his income into an annuity. He would pay a large sum possibly, but in consideration of the amount which he would thus pay he would get a yearly amount of \$10,000, or \$15,000, or \$20,000, or \$100,000, and under this clause of the Bill that amount would be exempt from taxation. Surely that is not the intention of the Bill. It would be opening the widest door for the evasion of this law. It is true that the question was raised in the House of Commons, but they seem to have acquiesced in the opinion of the Minister of Finance. I do not see that any vote was taken. The opinion of the Minister of Finance was not challenged.

These are some of the reasons why we should urge our views upon the House of Commons as strongly as we possibly can. I hope the House of Commons will take these reasons into serious consideration and accept the suggestions made by this honourable House.

Hon. Mr. CLORAN: Before entering into a discussion on this Bill, I should like to ask the honourable the leader of the Government if this is a money Bill?

Hon. Sir JAMES LOUGHEED: Yes.