

in connection with the amendment to the Income Tax Act that was not approved of in the House of Commons?

Hon. Mr. Macdonald: Yes.

Hon. Mr. Aseltine: I therefore move:

That the Senate do not insist upon its second amendment to Bill C-48, intituled An Act to amend the Income Tax Act, to which the House of Commons has disagreed.

Honourable senators, I would like to make a few remarks in support of my motion. It will be remembered that when this bill was introduced in this chamber it was given second reading and then referred to the Standing Committee on Banking and Commerce. The committee dealt with the bill and eventually made two amendments to it, one of which has been accepted by the other house. However, that house objected to the second amendment, to strike out section 19, which had to do with the taxing of new—and I emphasize “new”—foreign business corporations but did not change the status of foreign business corporations incorporated before April 1, 1959.

It was my opinion when the matter was before the committee—and it is still my opinion—that this was not a good amendment, and I was not in favour of it from the beginning. The Income Tax Act is a taxation statute, and Bill C-48, which amends that act, is a taxation measure. We in the Senate should hesitate very much before amending and thereby interfering with a statute of that kind. Honourable senators, our amendment might not immediately affect ways and means, but it might do so in a substantial way eventually.

For the reasons I have given, and for the reasons stated in the memorandum received from the House of Commons and read by His Honour the Speaker, I ask the Senate not to insist on this amendment.

Hon. Mr. Connolly (Ottawa West): May I ask the honourable leader a question? I note that the House of Commons has accepted an amendment made by the Senate to section 18. Can he tell us whether section 18 as amended interferes in any way with the public revenue?

Hon. Mr. Aseltine: Well, that amendment, I understand, was agreed to by all parties in the Senate committee, including the officials who were present on that occasion, and I was convinced that it had nothing to do with ways and means or the raising of money by taxation. It was just a definition change, if I may say so.

Hon. Mr. Connolly (Ottawa West): It does not appear that way in the section. It

appears to apply to the “hire of chattels or charterparty fees or remunerations”. The wording of the section was:

...not more than 10 per cent of its gross revenue was derived from rents...

And the following words were added by way of amendment:

...hire of chattels or charterparty fees or remunerations.

It seems to me to provide a new source of revenue for the Crown. Therefore the amendment which we made was interfering with the revenue, I would submit.

Hon. Mr. Aseltine: That was a clarification. The officials stated quite emphatically that it meant that anyway, and they only agreed to the change to satisfy the committee.

Hon. W. Ross Macdonald: Honourable senators, I might say that I was greatly surprised,—I was shocked—to learn that the House of Commons had not accepted the amendment of this honourable chamber. Honourable senators will recall that this amendment was passed in this house on June 18. I will read from the *Minutes of the Proceedings* of this house, at page 483:

Pursuant to the Order of the Day, the Honourable Senator Thorvaldson moved, seconded by the Honourable Senator Pearson, that the Bill C-48, intituled: “An Act to amend the Income Tax Act”, as amended, be read the third time.

The question being put on the motion it was Resolved in the affirmative.

The bill, as amended, was then read the third time.

The question was put whether this Bill, as amended, shall pass.

It was resolved in the affirmative.

Ordered, That the Clerk do go down to the House of Commons and acquaint that house that the Senate have passed this bill with two amendments, to which they desire their concurrence.

Now, that was on June 18.

The amendment appeared on *Votes and Proceedings* of the House of Commons from June 19 onwards.

Hon. Mr. Roebuck: That is only a month ago.

Hon. Mr. Macdonald: And I suppose most honourable senators assumed, as I did, that the amendment would be satisfactory to the other place. In fact, I made inquiries and I was advised by those who I thought were informed of what the House of Commons proposed to do that there would be no objection to this amendment.

Then, on July 14, I read in the *Votes and Proceedings* of the House of Commons at page 707, as follows:

The Order being read for consideration of the amendments made by the Senate to Bill C-48, an Act to amend the Income Tax Act;