

Sir THOMAS WHITE: If the husband set aside securities in trust, clearly he would divest himself of those securities, and the interest would be interest derived by the trustee, not by the husband.

Mr. LEMIEUX: It is often arranged in marriage settlements that the amount to be paid shall be considered as alimony. In such a case would the alimony be assessable?

Sir THOMAS WHITE: If the wife had an income under a marriage settlement in excess of the exemption provided for by this Act, whether it is called alimony or not, it is the intention that she should be assessed.

Mr. GERMAN: The clause says:

"Person" means any individual or person and any syndicate, trust, association, or other body, and any body corporate, and the heirs, executors, administrators, curators, and assigns or other legal representatives of such person, according to the law of that part of Canada to which the context extends.

What does "individual" mean? Section 2 says:

"Person" means any individual or person and any syndicate etc.

But what does individual mean? Under the law an individual is to be taxed, but a person is not to be taxed. Section 4 recites that an individual is to be taxed and then you interpret "person" as meaning any person or syndicate. Why do you so interpret the word "person?"

Sir THOMAS WHITE: I think the point of my hon. friend is well taken, and when we come to section 4 we will change the term "individual" to "person." That will make the intention clear. I think it would be so considered, but in order to make it uniform, and especially as we have used the word "person" in the interpretation clause, it would be better to change the word "individual" in section 4 to "person."

Mr. GERMAN: The interpretation clause says that:

"Person" means any individual or person and any syndicate, trust, association or other body and any body corporate.

It is clear that an incorporated company is to be taxed and that "person" means an incorporated company?

Sir THOMAS WHITE: Yes.

Mr. GERMAN: An incorporated company is to be assessed and then the persons deriving incomes from that incorporated company are also to be assessed. There would be

[Mr. A. K. Maclean.]

certain to be a double assessment, one of the incorporated company and one of the individuals who derive their incomes from the incorporated company.

Sir THOMAS WHITE: My hon. friend will observe when we get a little farther on with the Bill that while the company is assessed on its income its shareholders are also assessed upon their incomes, but there is an allowance made to the shareholder of the normal tax when the normal tax has been paid by the company upon the dividend which he receives. We have adopted there the principle followed in the United States legislation. Speaking for myself and from a long experience in connection with taxation, and especially the taxation of incomes, I have always thought it was a mistake to assume that there is double taxation when a company is assessed and when its shareholders are also assessed. My hon. friend knows that a corporation in law is different from any or all of its shareholders. It is a legal entity carrying on business in competition with individuals and partnerships. Therefore, it has never appealed to me very strongly that a corporation should not be assessed and that its shareholders should not be likewise assessed. But while I believe that the time will come when, in dealing with legislation of this kind, a corporation will be assessed in respect to its income and its individual shareholders will be assessed in respect to their incomes, we have not probably progressed to the point yet where we could give that doctrine the effect which I think it should have. But we defer to the generally prevalent view in connection with income taxation of this kind to the extent that, while we assess a corporation upon its income to the extent of the normal tax, when we come to assess the shareholders in respect to their incomes, including the dividends which they receive from the corporation so assessed, we make an allowance equal to the normal tax which the corporation has paid upon the dividends derived by the shareholders.

Sir WILFRID LAURIER: Let us understand exactly the position we are in with respect to this matter. The object of the Act, as explained by the Minister of Finance is to tax corporations. There are hundreds and thousands of corporations.

Sir THOMAS WHITE: Undoubtedly.

Sir WILFRID LAURIER: Take, for example, a tramway company in any city; it is to be taxed so much upon its income and