

the deceased became a resident of Canada only in the year in which he died, by providing what his taxation would have been if he had resided in Canada in the preceding year.

The section was agreed to.

Section 28 was agreed to.

On section 29—"Upkeep, etc."

Mr. GAVSIE: This is a beneficial amendment to provide that the beneficiary shall not be deemed to have received taxable income by way of use of property, unless the cost of maintaining the property was paid out of income from the estate. Heretofore, a beneficiary was taxed on the value of the premises, even though the cost of upkeep was paid out of capital.

Section 29 was agreed to.

On section 30—"Dividends declared."

Hon. Mr. HAYDEN: We now come to section 30, which is quite puzzling to figure out. The Minister has given an undertaking that there were no changes in relation to personal corporations. Somehow or other a provision got in which appears in some circumstances to tax capital. I am wondering if this is not a limited correction. It limits it absolutely to the cases of personal corporations.

Dr. EATON: No.

Hon. Mr. HAYDEN: Otherwise you have a formula to apply.

Dr. EATON: Yes.

Hon. Mr. HAYDEN: I do not know how the formula works, but supposing a corporation is a personal corporation for years and then by reason of change of residence to a foreign country it becomes an N.R.O. company for a number of years, and later returns to Canada. It would again become a personal corporation in those circumstances. If the surpluses accumulated during the period it was an N.R.O. Company were taken out, there would be no tax, but if they were left in there might be a personal tax under the formula you provide. I do not think that is the intention.

Mr. GAVSIE: All I can say is that the people who worked on this proposed legislation endeavoured to meet the things that were left out at the last session. I can assure you we will be back here for further amendments if this bill does not accomplish what we have attempted. There is a lot of language in it.

Hon. Mr. HAYDEN: I will say there is a lot of language.

Mr. GAVSIE: And I do not propose to be able to explain it.

Hon. Mr. CAMPBELL: In addition to the point Senator Hayden raises, you have now provided a ten per cent cut with respect to earnings.

Mr. GAVSIE: Right.

Hon. Mr. McLEAN: Mr. Chairman, we are going through the sections so fast we do not get a chance to read them. I may be dense, but there are things here that I do not understand. We got this bill at 11 o'clock this morning, and to shove it through this way is dangerous.

The CHAIRMAN: I am entirely in your hands.

Hon. Mr. McLEAN: We should take time to read this bill. I am not going to pass on this sort of legislation, the way it is being put through.

Hon. Mr. CAMPBELL: There is not very much in the way of drastic changes; it is more a tidying up of some of the provisions in the old Act.

Hon. Mr. HAYDEN: There is no doubt that this section 30 of the bill is beneficial to the extent that it goes. It implements a statement that the Minister made when the original act was before the committee to the effect that there