

farmer pays them for the work they have done, he is not allowed to show that as an expenditure. He must pay income tax on the produce of the garden, and yet he is not allowed to show any expenditures which were incurred as a result of that garden.

If provision is not made to take care of this situation, there is one thing that may happen. You could have two farmers living side by side, each with a large garden. In order to be allowed to charge an expenditure for their wives' work, they could trade wives. If that were done, the government would allow the expenditure. Would it not be more sensible to permit the farmer to show an expenditure for his wife's work? This should be permitted in connection with gardening, dairying, churning and other side-lines.

I think a suggestion was made by the Canadian federation of agriculture that the income tax should be based upon the average income over a number of years rather than for the one year. I can see considerable difficulty in carrying out this suggestion, because farmers seldom keep any books and therefore would not be able to compute their incomes for past years. On the other hand I think the government could do something to take care of the situation which has been created as a result of the farmer having had serious losses over a number of years. I am referring now to debt.

Debts were incurred in the depression years. Generally speaking, these debts were incurred through no fault of the farmer. When he comes to repay the debt he finds that he is faced with an increase of thirty to forty per cent in the form of income tax. I think the farmer should be allowed to show the repayment of debt as an expenditure, provided the debt was incurred, we will say, prior to 1940. He is allowed to show the interest on the debt as an expenditure, but he is not allowed to show the repayment of that debt. I wish the minister would consider the advisability of allowing this as an exemption from income tax.

Mr. GRAHAM: I have heard some comments about the income tax form for farmers which has been issued. I must confess that I was somewhat alarmed at the size of the form. However, I want to say to the minister and to the officers of his department that on looking over the form I find a great deal to recommend it. I feel that if the government of the day and future governments will follow some of the advice that I have given so freely, more and more farmers will be in the position of earning sufficient to pay an income tax. I sincerely hope our national policy will finally result in the farmers of this country being in

such a position that they will be one of the largest contributing factors in our national income. That is the status our farmer population should have.

That being so, I think in the long run it would be wise for our farmers to become familiar with the filing of returns. I think the income tax is the best form of direct taxation that we can have. I realize the great time and thought that must have been put into the drafting of this income tax return. Every effort has been made to assist the wheat grower, coarse grain grower, dairy farmer or cattleman in filling out his return and marshalling the facts in regard to his different sources of income.

According to the notation at the top of the form there is a realization on the part of the minister and his department that the farmers are and have been in a peculiar position for a considerable period of time. They realize that a large number of those engaged in agriculture will have no taxable income and that therefore it is not necessary for them to file a return. However, I notice it is suggested that for his own benefit the farmer should fill out a portion of the return in order to determine whether he has had the necessary income. I have considerable sympathy with the suggestion which was made by the hon. member for Muskoka-Ontario (Mr. Furniss). I think the minister has a great deal of sympathy for the farmer's wife and older children and the contribution they are making in the farm production programme, and it is only on account of the principle of taxation which he has to assert that he finds it impossible to give some measure of recognition by way of salary or remuneration to the wife. But I do think he might simplify still further the form of the return. The depreciation column presents the chief difficulty to the farmer, and I suggest that the minister take into consideration the suggestion made by the hon. member for Muskoka-Ontario and eliminate the necessity of the farmer having to keep track of the farm produce which he uses up in his own household. I suggest that that would be some measure of recognition for the contribution which the housewife and the children make to farm income in Canada.

I should like to ask the minister one question, following up the suggestion made by the hon. member for Melfort with regard to the accrual method of computation as opposed to the cash method in connection with stock raising. The minister very properly pointed out that after a person has been in a given business for a certain length of time he cannot change his methods merely to take