

are to rely solely upon voluntary contributions. It is worthy, I think, of serious consideration whether or not some special tax should be imposed directly upon the people to sustain the Patriotic Fund, and to be collected by the provincial governments. It might be better still if the provinces were to take this matter up and make an annual assessment on the citizens of the province, equal to the amount collected on an average during the last three years, and pay the money over to the fund. Some room, however, should be left for those who wish to contribute voluntarily to the fund. I repeat, I do not think that payments to the Patriotic Fund should be considered when establishing a taxation scheme of this nature.

Before closing, I just wish to say a few words in reference to the business profits tax. There has apparently been some confusion in the minds of hon. gentlemen in reference to the position of the Business Profits Tax Act after the end of this year, and I should like to feel that I understood this matter thoroughly. As I understand it, the excess profits business tax is in force for the years 1916, 1917 and 1918—and I want the minister to correct me if I am wrong—but the taxes levied come from profits of the previous year; that is, from the profits of 1915, 1916 and 1917.

Sir THOMAS WHITE: My hon. friend says that the taxes are paid out of the earnings of 1915, 1916 and 1917. I say, no. Although the taxation is in respect of those earnings, it was not possible that the tax should be paid out of the earnings of 1915, because the taxation was not imposed until 1916, and most companies and firms had distributed their earnings as dividends or invested them in plant or material. In the result, by reason of this taxation being retroactive, the taxes in respect of 1915 were paid in most cases from the earnings of 1916, and the taxes in respect of 1916 from the earnings of 1917, and the taxes for 1917 will be paid from the earnings of 1918, or from the accumulated earnings of this year.

Mr. A. K. MACLEAN: I understood the minister correctly; that is what I intended to say. For all practical purposes, the Business Profits Tax Act is in force in the years 1916, 1917 and 1918.

Sir THOMAS WHITE: Practically.

Mr. A. K. MACLEAN: It is true that the taxes payable in each of these years is from profits of the preceding year, but for the purposes of the revenues of the country,

[Mr. A. K. Maclean.]

the Business Profits Tax Act is in force in the years 1916, 1917 and 1918. Now the minister stated the other day that the Business Profits Tax Act expires at the end of this year, and that he does not propose renewing it, although for all practical purposes, as a revenue producing Act, it is still in force in 1918. The last amendment to that Act imposed quite an onerous tax upon business, and may have had the effect of seriously hampering the extension of business in this country. I fear that business interests in the country will consider the minister's statement that he does not propose to renew that Act as equivalent to saying that he does not propose again to impose any tax of any nature upon business profits beyond the provisions of the Income Tax Bill. There was a great deal of objection to the last amendment to the Business Profits Tax Act, for the reason that when the minister introduced the Business Profits Tax Act he was understood to say that it would remain in force for three years, and that statement was taken as tantamount to a declaration that there would be no increase or modification of that tax.

I think it would be unfortunate to have the statement go abroad now that the principle of the Business Profits War Tax Act in part at least is not to be renewed without that statement being accompanied by a declaration that possibly, and probably, some substitute therefore will be imposed. If in 1918 a Bill is introduced imposing taxation upon business profits, it will meet with a great deal of opposition, and the statement now made to the effect that the Act would not be renewed will be construed as a promise that there would be no further taxation of that nature. I think that would be a very substantial objection to the statement made by the minister for some equivalent of the business profits tax after 1918. I am of the opinion that it would be better to provide in subsection 2 of section 4, so that business people will know in the future what excess business profits tax is likely to be. It would not be operative in 1917 or 1918, except as against companies with a capitalization of less than \$50,000. I ask the Minister of Finance to take this into consideration, and I submit it would be better to spend a little time now working out some scheme of the nature of the Business Profits War Tax Act as against business profits, and make it a part of this Act. Surely some taxation is in contemplation further than income tax of corporations. That is not at all substantial.