

work. This Bill will work out in this way: My hon. friend, we will say, is entitled to \$1,000 on those shares, out of which he has to pay \$600 to the bank for carrying them. The balance of \$400 would be the net earnings which my hon. friend would derive from the investment.

Mr. McCREA: The minister's explanation with reference to the question I asked does not seem to be satisfactory, and I do not think the Bill makes it quite clear.

Sir THOMAS WHITE: I think the words "net gain or profit" covers that.

Mr. McCREA: A person holding a property might sell it for \$15,000 or \$2,000 more than he was carrying it at, and that might be interpreted as profit. I think the Bill does not explain that, and I think the minister should make it clear, so that there will be no question about it.

Mr. PUGSLEY: Is the word "net" in the Bill?

Sir THOMAS WHITE: Section 3, subsection 1, says that:

For the purposes of this Act "income" means the annual profit or gain.

Sir WILFRID LAURIER: Perhaps my hon. friend will insert the word "net" there?

Sir THOMAS WHITE: I do not like to insert the word "net," because I do not know whether it has been interpreted. I know that in the province of Ontario there are decisions that income for the purposes of taxation means net income.

Mr. LEMIEUX: Why not put it in?

Sir THOMAS WHITE: I will consider it, but I do not like to insert a word without having counsel look up the cases to see that it is apt. Lawyers will appreciate that. Income, to me, means net income in the case which my hon. friend has mentioned.

Mr. LEMIEUX: There is a distinction between net and gross income or net and gross gain, which is well understood. It is not gross gain or income but net income or gain, and I do not see why it cannot be so worded. I would like to ask another question. I was asked this evening by a gentleman if a subscription made this year to the Patriotic Fund or to the Red Cross Fund would be deducted in accordance with the explanation given by my hon. friend.

Sir THOMAS WHITE: Yes, this Bill applies to incomes for the calendar year. Therefore, any contribution made during this calendar year may be deducted from the income.

Sir HERBERT AMES: While we are on this subject, I would like to say I am rather sorry that my hon. friend the Finance Minister is not willing, for the year 1917, to consider any amount that has been subscribed and actually paid to the Patriotic Fund, or the Red Cross Fund, as having been contributed towards the support of the war and therefore having been paid as a tax. As I understand, he is only willing to go so far as to provide that whatever contribution has been made to the Patriotic Fund shall be exempted from the amount to be assessed for income tax. If a man has an income of \$10,000 and he gives \$1,000 to the Patriotic Fund, instead of having \$3,000 exemption he has a \$4,000 exemption, and it only means that he has a \$40 concession made to him. That is all he gets really for his patriotic effort in giving \$1,000, or one-tenth of his income, to the Patriotic Fund. I would like to have seen the whole \$1,000 credited for the year 1917 as having been paid into the war fund. I wish the minister would take that into consideration for the year 1917 only, inasmuch as his income tax covers that year and inasmuch as during that year very many large contributions will be paid. For the year 1918 he can adopt the other method if he so desires.

There is another feature of this measure that I would like to speak of. The minister spoke about exempting from the operation of this Bill moneys that were contributed by taxation to patriotic funds. I just want to point out that, while it may be reasonably easy to exempt from taxation moneys that are voluntarily subscribed and paid, because these are usually given in round figures and easily obtainable, it is going to be a very difficult matter indeed to give credit to tax-payers for the amounts that they are paying into the Patriotic Fund through taxation. In New Brunswick, \$500,000 is being raised for the Patriotic Fund entirely by levying a tax. It works out to about one mill on the dollar. A man with a \$10,000 property will pay \$10 to the Patriotic Fund in that way. Supposing that man has an income of \$6,000, \$3,000 of which is exempted, his tax, at four per cent on \$3,000 will be \$120. Are you going to say to him: We will not tax you on that \$3,000, but we will tax you on \$2,990 because you have given \$10 through taxation to the Patriotic Fund; therefore, your tax will amount to \$119.60? That is a deduction of 40 cents. I do not think it would be worth while to do all the figuring that would be necessary for