federal-provincial fiscal arrangements arising mainly if not exclusively out of the bill we passed here last week; thirdly, with changes in income tax law as it affects the petroleum industry; fourthly, with changes respecting pensions plans; fifthly, with changes respecting profit-sharing plans, and then with some miscellaneous provisions. that cannot be classified under one heading. And finally I will refer only to certain sections dealing with the handling of undistributed surpluses accumulated by companies.

Now dealing first with the amendments which provide relief, I would refer to section 6, which provides that the cost of oxygen shall be added to a list of the five medicines which are allowable as a medical expense under section 27 (1) (c) (vii) of the Income Tax Act. As honourable senators know, amounts expended for medical purposes in excess of 3 per cent of the taxpayer's income are deductible. The cost of oxygen will be now eligible for inclusion in this category.

Section 3 (4) of the bill allows the deduction of reasonable expenses incurred by a taxpayer in attending two business or professional conventions in any one year. He must, of course, provide vouchers. The conventions need not be held in Canada; they may be held here or in other countries.

Section 25 (1) of the bill allows a farmer's son who acquires his father's farm to depreciate the depreciable property of that farm by starting with the lesser of either the purchase price or the fair market value of that depreciable property. In other words, the sale between the farmer and his son is assimilated to an arm's length transaction, and the purpose of it is to promote the practice, which is quite common in the agricultural community, of allowing a father to dispose of such property to his son and to do so without imposing any burden upon the son.

Section 5 of the bill deals with allowances paid to the children of immigrants in the first year of their residence or sojourn in Canada. Under a vote of the Department of Citizenship and Immigration, in the first year of the residence of an immigrant family in Canada the children under 16 receive an allowance of $5 per month. Now, for the purpose of the tax return of the parent, these immigrant children's allowances are assimilated to the position of allowances paid under the Family Allowances Act. As honourable senators know, if a child is not qualified to receive a family allowance, the parent or the guardian upon whom that child is dependent is allowed for income tax purposes a deduction of $400 for such child. If a family allowance is paid in respect of such child, the allowance is $150 per annum, and that $150 will be the allowance in the case of an immigrant father for whose child the payment of $5 a month is to be made.

Section 11 is also a relieving section. It reduces from six to four years the period within which the minister may reassess any return.

Hon. Mr. Bouffard: What section is that?

Hon. Mr. Connolly (Ottawa West): Section 11.

Section 13 of the bill, also, is a relieving section. It extends from one year to two years the period within which a taxpayer may apply for a refund.

I come to the second heading under which I propose to discuss this measure. It deals with sections consequent upon legislation touching the fiscal arrangements between the federal authority and the provincial authorities.

As honourable senators know, in 1955 an amendment was placed in the Income Tax Act with reference to personal income tax exemptions allowed under federal legislation when a province levied a personal income tax. The present amendment provides for an abatement of 10 per cent of the federal income tax payable by a taxpayer who is resident in any province which levies personal income tax. Now, for a taxpayer who is employed or who carries on business in a province which levies personal income tax, the abatement is 10 per cent of the tax on the income derived by such taxpayer from such province.

Let me give an example of that. Say the income of a taxpayer from a province levying provincial income tax is a quarter of his entire income. The federal tax is levied on the entire income first of all: 10 per cent of the federal tax is then computed. A quarter of this 10 per cent is deductible under the section.

I come to perhaps the most complicated of all the sections in the amending bill;—those which deal with corporation income taxes.

Hon. Mr. Howard: What are the numbers?

Hon. Mr. Connolly (Ottawa West): Sections 4 and 9 deal with corporation income taxes and other special corporation taxes. As honourable senators know, the provinces have power to levy corporation income tax and other special corporation taxes, such as a place of business tax or a capital stock tax, because they are direct taxes competent for a province to levy. All the provinces which have had agreements with the federal authorities have given up, for the period of these agreements, the right