

a particular class, and on the other hand, we must see to it that our taxation is not oppressive to those whose incomes are barely sufficient to enable them to sustain the burden of the cost of living as it is to-day. It has appeared to us that it would be proper to fix the limit of exemption at \$3,000 in the case of married persons, and \$2,000 in the case of unmarried persons and widowers without dependent children. So that, so far as this measure is concerned, a married man who has an income of \$3,000 or less will not be subject to its provisions. An unmarried man, or a widower without dependent children, having an income of \$2,000 or under will not be subject to its provisions.

We have also thought it advisable to adopt the principle of graduated tax. Within certain limits of income it is proper that an income tax should be uniform, but when we reach the higher salaries I regard it as just and proper that the rate of taxation should increase as the scale of income increases. Our proposals are therefore as follows:

We propose to levy an income tax of 4 per cent upon incomes exceeding \$2,000 per annum in the case of unmarried men and widowers without children, and exceeding \$3,000 in the case of other persons, and in addition thereto a supertax of 2 per cent upon the amount by which the income exceeds \$6,000 and does not exceed \$10,000; and 5 per cent upon the amount by which the income exceeds \$10,000 and does not exceed \$20,000; and 8 per cent upon the amount by which the income exceeds \$20,000 and does not exceed \$30,000; and 10 per cent upon the amount by which the income exceeds \$30,000 and does not exceed \$50,000; and 15 per cent upon the amount by which the income exceeds \$50,000 and does not exceed \$100,000, and 25 per cent upon the amount by which the income exceeds \$100,000.

Mr. NESBITT: Is that the net tax or the supertax?

Sir THOMAS WHITE: Let me recapitulate. First, there is the exemption of \$3,000 in the case of married men, and \$2,000 in the case of unmarried men and widowers without children. Subject to those exemptions there is a 4 per cent rate upon all remaining income no matter how large it may be, and in addition to that 4 per cent there is the supertax as I have stated.

Mr. GRAHAM: Are all salaries up to \$2,000 and \$3,000 respectively exempt, no matter what the amount may be?

[Sir Thomas White.]

Sir THOMAS WHITE: All are free to that amount. If a man has an income of \$100,000, \$97,000 will be the amount unexempted. On this he will pay 4 per cent, plus the supertax.

Mr. A. K. MACLEAN: Would the minister again recite the supertax figure from \$5,000?

Sir THOMAS WHITE: First, there is the 4 per cent and in addition thereto the supertax of 2 per cent upon the amount by which the income exceeds \$6,000 and does not exceed \$10,000; 5 per cent upon the amount by which the income exceeds \$10,000 and does not exceed \$20,000; 8 per cent upon the amount by which the income exceeds \$20,000 and does not exceed \$30,000; 10 per cent upon the amount by which the income exceeds \$30,000 and does not exceed \$50,000; 15 per cent upon the amount by which the income exceeds \$50,000 and does not exceed \$100,000, and 25 per cent upon the amount by which the income exceeds \$100,000.

I was about to inform the committee as to how this tax works out in concrete cases. The following statement will show:

| Income of | INCOME TAX. | |
|-----------|--|-----------------------------------|
| | Unmarried men and widowers without dependent children, exempt \$2,000. | All other persons exempt \$3,000. |
| \$ 4,000 | \$ 80 | \$ 40 |
| 5,000 | 120 | 80 |
| 7,000 | 220 | 180 |
| 10,000 | 400 | 360 |
| 12,000 | 580 | 540 |
| 15,000 | 850 | 810 |
| 20,000 | 1,300 | 1,260 |
| 30,000 | 2,500 | 2,460 |
| 50,000 | 5,300 | 5,260 |
| 75,000 | 10,050 | 10,010 |
| 100,000 | 14,800 | 14,760 |
| 150,000 | 29,300 | 29,260 |
| 200,000 | 43,800 | 43,760 |

Mr. DEVLIN: If the question is not premature, might I ask the minister whether the income tax will apply to the revenues derived from industrial profits already taxed?

Sir THOMAS WHITE: I will come to that a little later, under the exemptions.

Mr. LEMIEUX: Will the minister define what income is?

Sir THOMAS WHITE: Income will be defined in the Bill, but I may say it is the net profit or gain arising from any business in which a person, as defined in the Act, is engaged—salary, income from investments whether stock, mortgages, or otherwise. In other words, we have endeavoured to give