

Mr. JACKMAN: Otherwise there is no assistance.

Mr. ILSLEY: No.

Mr. NEILL: When this bill was last before the house considerable discussion turned upon the fact or alleged fact that a junior officer received less pay, having to pay income tax, than a senior non-commissioned officer, who does not pay income tax. Was that taken care of?

Mr. ILSLEY: Yes. The hon. member will see if he turns back to page 7, rule 2 and rule 7. That is the \$1,600 provision, the one I amended in respect of the female commissioned officers. That is designed to prevent what the hon. gentleman has mentioned. It will prevent it in two of the services, not wholly in the naval services.

Section agreed to.

Sections 6 and 7 agreed to.

On section 8. Reduction of tax payable by reason of voluntary savings.

Mr. NICHOLSON: Has the minister any information as to the amount of money still outstanding in connection with the home improvement plan? Have representations been made to him with regard to payments under that plan as provided under 7A (d), covering principal payments under mortgage or agreement of sale? The Department of Finance has a financial interest in these payments, and representations have been made to me that they come within the same category as payments on mortgages.

Mr. ILSLEY: There have been a few representations to the effect that we ought to include them and put them in the same category as payments on the principal of mortgages, but I do not think they are in the same category. They are personal debts. There is no lien on the property. If he does not pay the debt he does not lose his property because there is no lien or mortgage on it. If we allow those debts we shall be led into the allowance of all debts. I have an amendment to move to section 8:

That the first four lines of clause 8 be struck out and the following substituted therefor:

1. Section 7 of the said act, as amended by section 12 of chapter 18 of the statutes of 1940-41, is repealed.

2. The said act is further amended by adding the following section immediately before section 8 thereof as section 7A and that the word "or" at the end of subparagraph (i) of paragraph (b) in line 34 be struck out and the word "and" be substituted therefor.

Those are the amendments. They do not change the effect at all.

Mr. EVANS: In connection with the reduction for payments on mortgages, would agreements of sale be in the same category?

Mr. ILSLEY: Yes.

Mr. FRASER (Peterborough West): Will a wife be allowed to take as a deduction from the graduated tax the amount which her husband otherwise would be taking? It seems to hang on a technicality as to whose name the property stands in. In this case the husband has gone overseas and the wife is paying this out of her own income.

Mr. ILSLEY: Is the property in her husband's name?

Mr. FRASER (Peterborough West): Yes; he is a soldier overseas.

Mr. ILSLEY: No, she has not that privilege.

Mr. FRASER (Peterborough West): Does the question I asked in regard to pension plan come under this?

Mr. ILSLEY: Yes.

Mr. FRASER (Peterborough West): Under this pension scheme payments made into the pension fund by the employee could be repaid without the man leaving the employment, provided he withdrew from the plan, in which case he would lose the company's contribution also. He pays half and the company pays half.

Mr. ILSLEY: I hesitate to give rulings instantaneously on these questions, but I am of opinion that that pension fund or plan would qualify, that payments into it could be used as offsets against the refundable portion of the tax. The ruling will be given by the Department of National Revenue, but the principle that applies is whether the employee would have been eligible for participation in that scheme if he were not an employee of the company. If he had to be an employee to be eligible for participation, the intention is to permit payments into the plan to be used as offsets. I think he would qualify under that.

There is one thing I should like to say about annuities. I am not moving any amendment, but holders of government annuities are writing letters requesting that payments be allowed as offsets. Of course I argued that matter out on the resolution, and I shall have to stand by what I said then. But I want to point out that the intention is not to carve our government annuities and permit payments on other annuity contracts to count as offsets; the intention is to apply the principle which is stated here in the bill, without discrimination between contracts, whether government or private. I want to make that