

Hon. Mr. DuTremblay: Will the Chairman please read the amendments?

The Hon. the Chairman: The amendments proposed by the honourable senator from Toronto-Trinity are as follows:

First, to paragraph (b) of subsection (1) of section 207:

Line 14, after the word "publishes" strike out the words "distributes, sells";

Line 15, after the word "purpose" insert the words "or knowingly distributes or sells".

And second, to subsection 7 of section 207:

Line 14, after the word "one" insert the words "for making, printing, or publishing any crime comic".

Those in favour of the amendment will please say "Content"?

Some Hon. Members: Content.

The Hon. the Chairman: Those who are opposed will please say "Non-content"?

Some Hon. Senators: Non-content.

The Hon. the Chairman. I declare the motion lost.

The bill was reported without amendment.

THIRD READING

Hon. Mr. Hayden moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

INCOME TAX AND INCOME WAR TAX BILL

SECOND READING

On the Order:

Second reading, Bill 176, an Act to amend The Income Tax Act and the Income War Tax Act.

Hon. Mr. Hugessen: Honourable senators, the leader on this side has asked the honourable senator from Toronto (Hon. Mr. Campbell) to move the second reading of this bill and explain it to the house.

Hon. G. P. Campbell moved second reading of the bill.

He said: Honourable senators, before attempting to explain the many amendments of the Income Tax Act and the Income War Tax Act contained in this bill, I should like to express my regret that a bill containing so many important amendments of the taxation laws of this country should reach this chamber at such a late date in the session.

Honourable members will recall the exhaustive and painstaking investigation carried on about two years ago by a special committee of this house appointed for the purpose of investigating the workability of the Income War Tax Act as it then stood on the statute

books. During this investigation many representatives of associations interested in taxation were given an opportunity to appear before the committee, and they made a most valuable contribution to the work then carried on by the committee. The door was open not only to business firms and associations representing business firms, but also to individuals concerned with any particular phase of the taxation laws, and to representatives of labour organizations. The committee continued its work during two sessions of parliament, and finally brought in reports which, I understand, were of great value to the Department of National Revenue, the Department of Finance, and other departments concerned with the taxation of income.

During these hearings it became apparent that the law under the old Act had gotten into a very bad state, so that many complaints were being made about the wide discretionary powers vested in the minister. Also, there were many loopholes in the Act which enabled people to shape their affairs in such a manner as to enable them to pay less tax than was actually intended by the legislation.

Following this exhaustive investigation into the provisions of the Income War Tax Act, the government brought down a new taxation Act entitled "The Income Tax Act". This Act, which became effective January 1, 1949, eliminated many of the objectionable discretionary powers vested in the minister, and on the whole, stated the law relating to income tax in a manner which was understandable.

There were, however, one or two provisions left which have been objected to very strenuously because they are not capable of any real interpretation. I refer particularly to section 126 of the Income Tax Act, which in effect vests in the Treasury Board power to say that the main purpose of any transaction is the improper avoidance or reduction of taxes, and to give directions to bring about the imposition of taxes on some basis which to date has not been determined by regulation, by law or by statute.

I thought it well to make these preliminary observations before attempting to explain the present provisions of Bill 176, because I realize that it is a most difficult piece of legislation to understand, and that honourable members may have some doubts as to the workability of some of the sections contained in it. Further, I would ask honourable members to be patient with me when I attempt to give what is my view of the meaning of this rather involved piece of legislation. Though I am fairly familiar with the provisions of the Income Tax Act and the Income War Tax Act, and should be in a position to understand the proposed amendments, I must