

If the language of the resolution does not carry out that meaning, the draftsman concerned will be instructed with respect to the section of the bill which will be based upon the resolution, so that there shall be no doubt about it.

Mr. CAHAN: Here we are merely concerned with the intention.

Mr. DUNNING: Yes, and the intention is as has been stated.

Sir GEORGE PERLEY: I can only repeat that in my opinion the wording is at any rate doubtful and ought not to be left as it stands. It is open to two interpretations.

Mr. STIRLING: Is the information with regard to the gift tax taken from the dominion tax returns?

Mr. DUNNING: Yes.

Paragraph agreed to.

4. That gifts to any one person which in the aggregate do not exceed one thousand dollars in the calendar year be exempt from the provisions of the gift tax.

Mr. DUNNING: This bears on the point raised by my right hon. friend from Argenteuil. In the past exemption from the gift tax has been granted on a yearly aggregate of gifts up to \$4,000, and it has been urged that this exemption is not sufficiently high because it acts as a deterrent to charitable giving. The purpose of the gift tax is to deter transfers of property, chiefly between members of a family, made with the object of reducing the amount of income tax which would otherwise be payable, that is, by putting it in a lower rather than a higher income bracket. It is not the purpose of the tax to deter charitable giving; that was not the original intention. This change is designed to encourage persons who for charitable reasons make annual gifts to relatives, dependents, former employees and so on, and is in the same spirit as section 5 (j) of the Income War Tax Act, which allows a deduction up to ten per cent of the total income for gifts made to charitable institutions. The \$4,000 exemption will be retained but will apply only to the aggregate of gifts which individually do not exceed \$1,000. That is to say, gifts of \$1,000 or less shall not be regarded as gifts for tax purposes. Let me amplify that. Under the Income War Tax Act as it stands one may claim exemption up to ten per cent of one's income in respect of charitable contributions made to recognized charitable organizations. Under the gift tax provision as it has stood up to the present, if a man in a similar spirit of charity was supporting former

[Mr. Dunning.]

employees and relatives other than those in the exempted class he would nevertheless be taxed under the gift tax. It is thought that the spirit that prompted the house in 1930 to give recognition to gifts made to charitable organizations ought to be extended to cover the provisions of the gift tax in relation to gifts to individuals when the amount of such gifts does not exceed \$1,000 in any one year.

Mr. CAHAN: A person may have dependents other than those mentioned in the act, as many of us have, and they may not be children or grandchildren. Few men reach an advanced age—

Mr. DUNNING: Or even middle age.

Mr. CAHAN —who have not others that are morally and perhaps legally dependent upon them, and it does seem to me that a person should be permitted to pay for the necessary support of those who are dependent upon him, according to his own status in life and their means. I understand from this that a so-called gift of a thousand dollars to a person who is dependent upon the giver—

Mr. DUNNING: Not necessarily even dependent.

Mr. CAHAN: I am dealing now with dependents. I see quite a difference between my giving generally to charity and my giving to those who are dependent upon me, for whose support I am morally responsible. For instance, in the province of Quebec, as you know, the law is very wide with regard to the liability to dependent relatives, and "dependent relatives" are given a very wide interpretation under the civil code. But so long as the gift to a dependent does not exceed \$1,000 in one year, this gift tax does not apply?

Mr. DUNNING: Right. Or will not.

Mr. CAHAN: Will not apply. But assume that gifts are made to a number of dependents; if the total of such gifts to dependents exceeds an aggregate of \$4,000—?

Mr. DUNNING: No; the aggregate is immaterial so long as the gift is an individual one. My hon. friend has the privilege of supporting fifty if he likes.

Mr. CAHAN: That is what I desire to know.

Mr. DUNNING: At a thousand dollars a year, yes. The \$4,000 exemption is apart from this feature altogether.

Sir GEORGE PERLEY: Is that correct?—because under the present law it is \$4,000 to-day.