

repairs. My hon. friend put forward the case of a man holding unproductive property in the West, upon which he was paying taxes. These are very difficult questions to deal with, but I do not think he should be exempt from this income tax to the extent of what he pays for taxes on unproductive property held for speculation. Let me cite a case in regard to which I have had a good deal of experience. Take the income taxation of the city of Ottawa, or the city of Toronto—the assessor goes to a bank, say, and asks for the names of the officials of the bank and their salaries, and he assesses from \$5,000 down, if the salaries are such. Those in receipt of the incomes, may use them in different ways. Some may spend their incomes foolishly, others may invest in property, others may be carrying investments at a loss, others may pay taxes upon their homes, but the assessment is upon the amount of income received as salary.

Mr. A. K. MACLEAN: Net income.

Sir THOMAS WHITE: The income received as salary. That is the way all assessments are made in this province. A man is not asked what he does with his income, he is not asked whether he invests part of it in mining stocks, or whether he pays taxes upon property with which he is speculating, or whether he pays margins upon stocks. He is simply assessed upon his income. Every man in the city of Ottawa is liable to assessment on the amount of income he receives. If he is a minister he pays income tax upon his \$7,000 or whatever it may be; if he is an official he pays also. Once you introduce the principle that a man in receipt of a salary of \$25,000 can deduct the taxation which he is paying upon property which may be appreciating very much faster than the amount of the annual taxation, you are introducing a very dangerous principle into taxation. I do not believe that that principle is included in any taxation in this Dominion. The point is: How much does a man make? If he is a lawyer, how much does he make after paying out all expenses in connection with his profession?

Mr. C. A. WILSON: All his office expenses?

Sir THOMAS WHITE: All his office expenses. Then I would say that after deducting the outgo from what he has received the balance is the income of that individual and he should be assessed upon it.

Mr. PUGSLEY: Supposing his entire business was the owning and managing of real estate?

Sir THOMAS WHITE: My hon. friend has raised a point which is absolutely different from that which we are now considering. We are considering now the case of an individual who derives his income from his profession or calling and who has to pay taxes upon some property which he has been carrying for the purpose of speculation or not—it does not make any difference.

Mr. PUGSLEY: Take myself, for example. The only property I own practically is real estate. I might have three or four houses which were bringing me a very good income and I might have other places which were vacant and on which I had to pay insurance, water rates and taxes. Would not the net income from all these different properties combined be that on which I would have to pay the tax?

Sir THOMAS WHITE: I would say "yes," that my hon. friend would take all the incomes from these productive properties, and that he would pay the taxes on this other unproductive property deducting with respect to it, and the balance would be his income.

Mr. PUGSLEY: Suppose I had property in Ontario or in the West?

Sir THOMAS WHITE: Unproductive?

Mr. PUGSLEY: Unproductive.

Sir THOMAS WHITE: I would say that if my hon. friend was carrying some unproductive property with the idea of making money on its appreciation he should not be allowed to deduct it.

Mr. PUGSLEY: Suppose a man were carrying it because he could not sell it and had to pay the taxes?

Sir THOMAS WHITE: In a taxation measure of this kind, while that and every other principle should be discussed you will never be able to determine with mathematical exactness—the courts usually have to determine that—as to what should be allowed. It would be very dangerous to lay down the principle that if a man has an income of \$25,000 and he is carrying unproductive property throughout this country, not being a man who is making his income from the holding and administration of real estate, he should be allowed to deduct the charges on this property from his income.