

MINUTES OF EVIDENCE

THE SENATE

OTTAWA, Wednesday, May 31, 1950.

The Standing Committee on Banking and Commerce, to which was referred Bill 177, an Act to amend the Income Tax Act and the Income War Tax Act, met this day at 10.30 a.m.

Hon. Mr. McDONALD in the Chair.

The CHAIRMAN: Gentlemen, I will first ask the Clerk to read the minutes of the last meeting.

The minutes of the last meeting were read and approved.

The CHAIRMAN: What is the wish of the committee as to procedure in dealing with this bill?

Hon. Mr. HAYDEN: I would suggest that it be taken up clause by clause, because in that way we get a continuity of explanations.

The CHAIRMAN: If that is agreeable to the committee, we will proceed in that way.

On section 1—"death benefit".

Hon. Mr. HAYDEN: Could we have an explanation from the department as to the purpose and effect of section 1?

Dr. A. K. EATON: Honourable senators, first I wish to say that Mr. Abbott, the Minister of Finance, asked me to explain to you that he regrets his inability to be here this morning. He has to attend a Council meeting, and after that he is leaving for Toronto, to address a meeting at the International Trade Fair. He also asked me to mention that there were two items on which representations have been received since the bill was passed in the House of Commons. One is the amendment which disallows the deduction of dividends from the receiving corporation where it has acquired control following May 10. He has received representations that certain negotiations were in process at the time this amendment was passed by the House of Commons, and he is considering an amendment to take care of cases where rights to acquire control had existed. He has given me an amendment which he would like to have considered by this committee.

The second item has to do with charitable organizations. Since the passage of the bill in the House of Commons he has received representations that we had not quite adequately covered this field, and he has had amendments prepared that will cover three sections. He has asked me if I would request the committee to consider these amendments also.

The CHAIRMAN: What section of the bill are you referring to now?

Dr. EATON: Clause 10 of the bill.

Hon. Mr. HAIG: I think the remarks that are now being made should be reserved until we come to the appropriate sections of the bill. We are now on section 1, and I think we should be told what that section means.

Hon. Mr. ROBERTSON: Dr. Eaton was making a general statement on behalf of the Minister. I might point out to the committee that the Minister suggested that since he cannot be here we might postpone consideration of the bill till he came back, but I suggested that as consideration had already