

*Supply—National Revenue*

That suggests that this reporter was certainly convinced that something along this line was being done. The other point in that article by Mr. Campbell which makes me raise this again is the suggestion that:

In some tax returns the political contributions may not be set forth as such.

In other words, to use his own language, these political contributions "are smuggled into the returns" somehow. I should like to have the comment of the minister on this. I have no doubt that his reply as to whether or not this practice is allowed will be the same as that which he gave in *Hansard* on May 6, 1953, that it is not allowed; but I should like to know whether he is prepared to apply the same zeal that he applied a while ago to another question as to whether practices of this kind go on, in an endeavour to ferret out any cases such as these Mr. Campbell had in mind, cases such as this income tax official must have had in mind when he spoke in these terms to the reporter.

**Mr. McCann:** My answer to the hon. gentleman's inquiry is just the same as the one I gave in the return. A man or a corporation may do what he likes with his own money, but for income tax purposes it is not a deductible expense. Any contribution he makes for political purposes is not a deductible expense, because it is not money spent to earn that income. I suggest to the hon. member that the author he has quoted is drawing on his imagination, and he could not substantiate the statements that he makes. That is a pretty broad statement; but in the eight years I have been connected with the department I do not know of any one single instance of that kind. It is true that they may have been claimed, but I do not know of any one single instance where contributions for political purposes have been allowed as an expense of doing business and have been deductible from their taxable income.

**Mr. Knowles:** Has it ever been found that any contributions or any claims put in under other designations have been part of political contributions and therefore disallowed?

**Mr. McCann:** Not that I know of. It may have been tried, but I suggest to you that our assessment system is sufficiently efficient to detect that type of evasion.

**Mr. Knowles:** Has the minister any idea as to who the official would be who would make the categorical statement that Mr. Campbell quotes in his article?

**Mr. McCann:** Not the slightest, and I challenge the hon. member's offer to name him.

**Mr. White (Middlesex East):** Before this item passes there are one or two things I [Mr. Knowles.]

should like the minister to comment on. I should like to deal first with the finding of Mr. Justice Locke of the supreme court on April 15. It dealt with the Stanley Mutual Fire Insurance Company of New Brunswick and their claim that they were not required to pay income tax. That claim has been allowed. The decision was the unanimous conclusion of the supreme court.

As I understand it, down through the years this tax has been collected from mutual fire insurance companies. The situation is such that over the years, with the increasing amount of insurance placed by farmers and others interested in mutual insurance, the amount of risks has climbed a great deal, and the reserves that the mutual companies have been able to build up have been seriously curtailed because of the taxes. Therefore if any great losses occurred these companies would not be able to pay them because of the great amount of risk and taxes paid.

I have in my hand a report of the Westminster Township Mutual Insurance Company. This is the company with which my own farm buildings are insured. I find that for the year ended December 31, 1950, the company paid \$966.11 in income tax. The net insurance in force on the same date was \$6,680,205, and the balance on hand on December 31 was \$58,391.46. It would seem to me that over the years taxation has reduced that balance to rather dangerous proportions. While the income tax department may have collected this tax legally, that does not make it right. I heard of a man who wanted a collecting agency to collect a bill. He went to the firm and said: "Now, I want you to collect this account. If you can't collect it by fair means, take legal proceedings." That is pretty well what the income tax department have done in this case. They have collected legally, but I would not say it was a fair tax.

In view of the fact that the supreme court have ruled that it was not right to collect the tax, will the department consider rebating or returning the moneys to these mutual insurance companies? I wanted to look over the entire findings of the supreme court, but upon examination I found that they consisted of some 26 pages and it would cost me \$7 to secure the document. I thought I could tell the minister all that was necessary about this particular item that I am interested in.

The other matter I wish to bring to the minister's attention deals with income tax levied against a veteran and his wife. The veteran is totally disabled. He is drawing total disability pension, and he was advised by the casualty section of the Department of Veterans Affairs in the matter. They gave him a letter, with instructions for tax use.