

ence is not made between the very small houses and the very large ones. This tax, I understand, increases the cost of the ordinary reel from \$26 to \$50, about 100 per cent of a tax.

Mr. A. K. MACLEAN: My hon. friend was not in the House a few moments ago, when I moved an amendment to the tariff resolution respecting films, reducing the rate from 5 cents a lineal foot to 3 cents, representing a reduction from \$50 to \$30 upon film reels of one thousand feet. Having made that reduction, and not wishing to lose any revenue on account of the change, I desire to impose this further tax upon the theatre proprietor, that is, upon those displaying the film. The small theatres use five films per day, as a rule, and the tax would amount to 75 cents per day.

Mr. T. J. STEWART: Knowing something about the moving picture business, I think there should be a further change made in the system of placing the tax. In times gone by, the film producers furnished reels of pictures which permitted the small houses to give three different shows each night. The film producers have now changed the size of the reels and made them nearly twice as large, and have increased the price. Consequently the increased size of the reel and greater length of time required to run it takes away one of the shows from the small picture houses, enabling them to put on only two shows in place of three. The film producers might still further increase the size of the reel and if that is done the small houses will have only one show each night. The reduction from 5 cents to 3 cents per foot will help the small picture shows. I think a picture house should be charged according to the seating capacity. A 500 seating capacity should be charged a certain fee and a show which has 1,000 seating capacity charged a higher rate, and so on. I do not think it is fair to make the tax on a small show equal to that on a large one. The larger houses usually get 30, 35 and 50 cents admission while the small shows get 10 cents in the evening and in the afternoon only 5 cents. This increase in the tax practically puts the small shows out of business. If the Acting Finance Minister would allow this item to stand over I expect a deputation here to wait upon him. I did not know that this question was coming up to-night or I would have been better prepared.

[Mr. Cockshutt.]

Mr. A. K. MACLEAN: I am afraid that the size of the theatres changes almost as rapidly as the length of the films. However, I may say to my hon. friend that before the Bill which will be founded upon this resolution passes, I shall be pleased to give every consideration to the representations which he has made to-night and which the delegation which is coming shall make.

Mr. KENNEDY: Does the minister think that the increased cost of films will add anything to the cost of the next Victory Loan?

Mr. A. K. MACLEAN: I hope it did not add anything to the last one.

Mr. KENNEDY: About \$7,000 for films.

Mr. A. K. MACLEAN: I am not aware that it did.

Amendment agreed to.

Mr. JACOBS: I have been asked to draw the attention of the House to the fact that we are now sitting on Ascension Day.

Resolution agreed to.

BUSINESS WAR PROFITS.

Resolved, That it is expedient to amend The Business Profits War Tax Act, 1916, and to provide that paragraph (c) of section three be repealed; that any business having a capital of not less than twenty-five thousand dollars and under fifty thousand dollars shall pay a tax of twenty-five per centum of the amount of the profits exceeding ten per cent per annum upon the capital; that the amount paid or payable under the provisions of Part 1 of The Special War Revenue Act, 1915, and The Income War Tax Act, 1917, shall be deducted from the amount payable under the provisions of the above Act, and that in computing the profits of such no taxpayer shall include any tax paid under the said Acts in the expenses of his business; that the amount of capital in the excepted business mentioned in paragraph (a) of section five of the Business Profits War Tax Act, 1916, be reduced from fifty thousand dollars to twenty-five thousand dollars; that dividends paid during the accounting period shall be considered as a reduction of the unimpaired reserve, rest or accumulated profits; that the provisions of section three of the last mentioned Act be continued in force to the thirty-first day of December, 1918.

Mr. A. K. MACLEAN: The only important amendments contemplated are to provide, first, that the Act shall apply to the accounting period of 1918 and, secondly, that companies employing a capital of \$25,000 and up to \$50,000 shall be liable to a business profits tax. The rate applicable to companies employing that amount of capital is that which first prevailed under the Business Profits Tax Act. An exemption of 10 per cent upon the capital em-