

The amendments are not of great consequence, and neither the legislation nor its administration will, I think, be materially affected thereby.

Mr. GRAHAM: The amendment to subsection (f) is capable of two constructions:

Provided, however, that in determining the income, the personal and living expenses shall not be taken into consideration.

Which construction are we to put on it—that the living expenses will not be deducted before the net income is arrived at, or that they will?

Sir THOMAS WHITE: I am clear that it will be construed that they are not to be deducted. If we were not so close to the end of the session I would be disposed either to amend this amendment or to move to strike it out; but in the circumstances, by reason of the importance of the Bill, I think it preferable to move to concur. In administering the Act we shall undoubtedly interpret it that the personal and living expenses are not to be deducted, which is, I think, the meaning the Senate had in view.

Mr. GRAHAM: The uncertainty still exists.

Mr. MACDONALD: Do you think that is a sound proposition?

Sir THOMAS WHITE: Yes, because I think that is the true interpretation.

Mr. MACDONALD: Does the minister think it is a proper principle that they should not be deducted?

Sir THOMAS WHITE: If my hon. friend has an income of \$10,000 I am certainly of the opinion that he should not be allowed to deduct his living and personal expenses from that amount, in order to ascertain the amount of his income which would be assessable under this Act. My hon. friend might have an income of \$10,000 a year, and might spend \$9,000 of it, perhaps part of it very luxuriously, and another hon. gentleman might have an income of \$10,000 and might spend only \$2,000 for personal and living expenses. According to my hon. friend's view, the latter gentleman would be taxed on an income of \$8,000, whereas my hon. friend from Pictou (Mr. Macdonald) would be assessed for only \$1,000.

Sir WILFRID LAURIER: The Bill provides that out of every income \$3,000 is to be deducted. I suppose that would be for living expenses. Are a man's living expenses to be deducted in addition to that?

Sir THOMAS WHITE: No.

Sir WILFRID LAURIER: What is the meaning of the amendment?

Sir THOMAS WHITE: A person's living expenses shall not be taken into consideration. The intention of the Senate is, undoubtedly, that the living expenses are not to be deducted from the income. The \$3,000 exemption still stands. The Senate has not touched that.

Sir WILFRID LAURIER: But do you add to this the living expenses?

Sir THOMAS WHITE: No.

Mr. MACDONALD: I would not think that, as a matter of constitutional practice, my hon. friend can recognize the right of the Senate to amend taxation legislation passed by this House. As a matter of fact, under our constitution the Senate either has the power to amend a tax Bill which goes from this House to them, or it has not. If the Senate has not that right to amend then this House cannot waive its constitutional right by concurrence in these amendments as is proposed by the hon. Minister of Finance. My hon. friend is proceeding in a very peculiar manner in regard to a very important principle.

Sir THOMAS WHITE: What would you do about it?

Mr. MACDONALD: My hon. friend gives as a reason for setting aside the constitution, if he thinks the constitution is being set aside, as I gather he does: that we are getting near the close of the session, and that therefore, we should concede the right of the Senate to amend a tax measure. There are many important measures before the Senate, and if the principle stated by my hon. friend is sound I presume he will follow it in regard to any other Bill that comes before us, no matter what it may be.

Sir THOMAS WHITE: I desire to correct my hon. friend. I did not express any definite view on the question. I stated that there were differences of opinion, and, that being so, I thought that, in view of the importance of the situation, and considering the fact that the session is drawing to a close, we should concur in the amendment, placing, at the same time, upon Hansard the statement which I made that it would not be regarded as a precedent. I may say that in 1874 a similar course was followed.

Mr. MACDONALD: Then my hon. friend expresses no opinion as to the constitu-