Mr. CAHAN: We are dealing with rather important matters, and in order that one may have some idea of the effect of these proposed changes, the proceedings should not be hurried. One should have an opportunity to look at the original section in order to appreciate the effect of the proposed amendment.

Mr. DUNNING: I am not hurrying things. I want to give all the time that is required, but I would remark to my hon. friend that the exact wording of this resolution has been in the votes and proceedings since the first day of May, and it was assumed that in the interval hon. members would have made up their minds as to what they desire to say about it. I am sorry to have given the impression of hurrying; I had no such intention.

Mr. CAHAN: I was not suggesting that the hon. gentleman was hurrying.

Mr. STEVENS: I may be derelict in my duty, but are we dealing with paragraph 3 of the resolution?

The CHAIRMAN: Paragraph 2.

Mr. STEVENS: If it is not too much trouble, would the chairman indicate what the paragraph is about when he calls the number?

The CHAIRMAN: Paragraph 2 reads:

That where a consolidation is permitted the corporation rate of tax shall be increased from fifteen per centum to seventeen per centum.

Paragraph agreed to.

3. That payment of the gift tax be made annually.

Mr. CAHAN: What section of the act deals with the gift tax?

Mr. DUNNING: Section 88. Considerable inconvenience arose out of the original wording of the gift tax provision. The tax was payable at the time the gift was made, but the rate of tax on the individual gift was determined by the total of the gifts during the year, so that the situation arose that a gift might be made early in the year and the tax paid upon it, and by virtue of subsequent gifts during the same year the rate of tax payable on the first gift would be increased. That was the difficulty. A yearly payment of the tax is provided for by the amendment, and that will eliminate uncertainty with regard to the rate of tax payable, since at the end of the year the exact annual amount will be known.

Sir GEORGE PERLEY: Does that mean that if a gift is made the person making it has to pay a tax every year forever on that gift?

Mr. DUNNING: No, once for all time. The change is that in future, instead of paying the tax when he makes the gift, as the law now calls for, he will make payment at the end of the year on the whole of the gifts made during the year.

Sir GEORGE PERLEY: I am prepared to admit that perhaps I do not know English as well as the man who drafted this, but to my mind the language does not convey that impression. It may be perfectly plain if some lawyer has so stated, but that is not the impression I got when I read it.

Mr. DUNNING: This is the resolution and not the bill.

Sir GEORGE PERLEY: But I take it the bill follows the resolution.

Mr. DUNNING: I will watch the point to which my right hon. friend refers, but I have to depend pretty much on these lawyers when it comes to using language in such provisions. They will not allow me to use my own.

Sir GEORGE PERLEY: When I write a sentence and there is some difference of opinion in my office among the members of the staff as to what it means, I change it so that there can be no doubt about it. That is a fairly good principle. I would ask another question. With regard to this gift tax I understand that there is a departmental decision or interpretation of the meaning of this section, as to exactly what a gift is. I find it a little difficult sometimes to understand it. I know that last year we passed it when we were in office, but all the same there is some doubt as to just what a gift is, though I know exactly what the purpose originally was. The intention was that people who divided their property and gave large portions of it to their children during their lifetime should not escape taxation, but I understand that if you make Christmas gifts in proportion to your means such gifts are not included for purposes of taxation. Is that correct?

Mr. DUNNING: The next resolution deals with that point. The one we have under consideration relates to the annual payment.

Mr. CAHAN: Is it clear from the statement of the Minister of Finance that the word "annually" refers simply to the aggregate of the gifts made during a single year, and that the payment is not to be repeated from year to year?

Mr. DUNNING: I can assure the committee of my own intention, and it is exactly that implied by the hon. member for St. Lawrence-St. George. I will go further.