

*Proceedings on Adjournment Motion*

boarding house to board help working on the farm that is far removed from town, or from any restaurant.

These are some of the uses of the farm home. It is important to keep the farm home going to keep the farm successful. After the very flowery report of the Minister of Finance the other night, I cannot understand why there should be this change in policy. Surely the government is not going to look to this source to balance the budget. This matter is of considerable concern to farm people throughout the country, and I should be interested in hearing an explanation.

**Mr. J. E. Walker (Parliamentary Secretary to Minister of National Revenue):** Mr. Speaker, we all realize the limitations imposed by this period of three minutes in which to reply. The question the hon. member asked was: "Is it the intention of the government and the minister's department to not allow municipal taxes on the farmers' home as a farm expense against farmers' income tax?"

I always hesitate to say that this is the answer, but an answer is this: I am advised that section 12(1)(a) of the Income Tax Act does not permit the deduction of an expense except to the extent that it has been incurred for the purpose of gaining or producing income from property or a business of the taxpayer.

If the home of the farmer is located on his farm and can be shown to have been used to earn farm income, a deduction will be allowed for municipal taxes in the amount up to one quarter of the taxes, depending on the business use made of the home building. It is not usual to allow any part of the municipal taxes on the home, if the home is located off the farm.

This was the answer from the department, Mr. Speaker. I do not know whether the accountant referred to has taken the particular case up with the tax department, but this is the general answer to a general question raised by the hon. member.

Motion agreed to and the house adjourned at 10.52 p.m.