

the replacement property could be constructed with the full proceeds of the insurance, that could be done and the only effect would be that the value of that property when it had been replaced would be the balance of the depreciated value of the property that had been destroyed. It would start off there as though there had not been a fire.

Mr. GAUSIE: That is right.

Hon. Mr. HAYDEN: Then there would be no taking away physically from the owner of the property of any part of the proceeds of the insurance so as to leave him with less than 100 per cent physically.

The CHAIRMAN: Unless there was further capital added to get a more valuable property.

Hon. Mr. HAYDEN: Oh, yes. Then, that would add to the capital cost.

The CHAIRMAN: To your assets.

Hon. Mr. HAYDEN: If any doubt arises as to your authority to interpret in that fashion under the section—?

Mr. GAUSIE: Then we will be back for an amendment.
Subsection (c) was agreed to.

Hon. Mr. HAYDEN: What is meant by the statement in subsection (d) "before any time"? It says "total depreciation allowed to a taxpayer before any time."

Mr. GAUSIE: You want to know what the depreciation is before that time. Sometimes it is at the commencement of the year and other times it is at the end of the year. We have to define it in relation to a period of time, that the total depreciation allowed to a taxpayer before the commencement of the year is so-and-so, and at the end of the year—

Hon. Mr. HAYDEN: It reads very oddly.

Mr. GAUSIE: There was a lot of struggling with it, and it was done in this instance because, once you have your pencil out, you can follow it much easier. Sometimes you have to use what in effect is a formula to express the meaning. I was wondering whether it meant "as of any time" because you use those words in the next paragraph.

Mr. GAUSIE: We also use the words "before that time".

Hon. Mr. HAYDEN: All right, if you need that language in there.
Paragraphs (d) and (e) were agreed to.

The CHAIRMAN: Under subsection 4 there are a series of rules.

Hon. Mr. HAYDEN: What is the meaning of "some other purpose"?

Mr. GAUSIE: Well, if it is for personal use as distinct from using it for the purpose of earning income.

Hon. Mr. HAYDEN: There are two classes. If I acquire property for investment income purposes or acquire property to earn income out of a business, and if I switch to some other class for some other purpose, I mark time and take a fair value, and it is the same as a sale.

Mr. GAUSIE: That is right.

Hon. Mr. HAYDEN: Suppose I switch my business from manufacturing washing machines to manufacturing radios, am I regarded as having switched my business to "some other purpose"?

Mr. GAUSIE: There is no change as long as it is for your own business purposes. If a new company is incorporated to start a radio business under a new name, that is different.

Hon. Mr. CAMPBELL: Is this not the meaning? If you have a property which you are using for a business for the purpose of gaining a profit, you can