

entiate amongst the persons in each of the classes up to a certain amount, say up to \$20,000.

I have not examined closely the various income taxes imposed in different countries throughout the world; but I had occasion to see the income law of the French Republic, and in it I noticed that there are five or six columns wherein appear the charges which are imposed upon the taxpayers. If the taxpayer is single, he appears in the first column and bears the whole load. If he is married, a small deduction is made. If he has one child, again a deduction is made; and there are proportionate reductions in the case of two, three, four, five and six children. It stands to reason that a person with an income of \$7,000, \$8,000 or \$10,000 a year, and who has no children, can better afford to pay the tax than one who has five or six children to take care of and educate; and I regret that this legislation does not take into consideration the charges which the heads of families are obliged to meet.

In that respect, I suppose, we are powerless. The question has been raised in the House of Commons and the Minister of Finance has decided against it. I doubt that even the unanimous recommendation of the Senate would induce the House of Commons to reconsider this legislation. If they will not do so this year, they may be induced perhaps, if we touch upon that point, to review this legislation after the war, when it is bound to be examined anew, under the normal conditions which will then prevail.

There is one other remark which I should like to make, and it bears upon the interpretation to be given to the word "income." In section 3 an interpretation is given to the word:

For the purposes of this Act, "income" means the annual profit or gain or gratuity, whether ascertained and capable of computation as being wages, salary, or other fixed amount, or unascertained as being fees or emoluments, or as being profits from a trade or commercial or financial or other business or calling, directly or indirectly received by a person from any office or employment, or from any profession or calling, or from any trade, manufacture or business, as the case may be; and shall include the interest, dividends or profits directly or indirectly received from money at interest upon any security or without security, or from stocks, or from any other investment, and, whether such gains or profits are divided or distributed or not, and also the annual profit or gain from any other source; with the following exemptions and deductions.

And the exemptions and deductions follow. At first sight it seems clear that in-

come should be interpreted as being the net income. I am sorry that the word "net" is not in the clause, and I would suggest to my honourable friend to see if the interpretation should not be made somewhat clearer and if the opinion should not be expressed by this House that it is the net income that will be taxed and that the word "net" should be inserted in this section. I confess that, in reading the Act through, I have come to the conclusion that there would be considerable divergence of opinion by the tribunals that will have to pass upon it in deciding what is taxable, that is, the net income of the individual, and what is exempted. I am not speaking of those things which are specially exempted, but of what should go in the column of liabilities against the gross income of the contributor. I was all the more nonplussed as to the decisions that would be rendered upon the interpretation of this clause when I read the explanations given by the honourable the Minister of Finance, who was responsible for the carrying out of this Bill. He stated that a party owning built property, in stating his income, could charge against the rentals received the interest on mortgages, the taxes, insurance and repairs; but when the minister was asked if from the income of a person holding building lots, mortgages, and upon which taxes would have to be paid—unproductive property—these charges should be deducted, he answered in the negative. He cited the case of a person in Toronto or Ottawa drawing a salary of \$5,000 or \$10,000 and having real estate in the Northwest which would bring no income, but on which he would be called upon to pay \$2,000 or \$3,000 a year in taxes. The minister was of opinion that in that instance that \$2,000 or \$3,000 which he would have to pay upon that unproductive real estate should not be deducted from his ordinary income. Members of the House of Commons, on both sides, took issue with the honourable the Minister of Finance as to the interpretation placed upon the clause. I think that most members of this House will take exception to that interpretation. Of course, it will not be what we shall say, nor what has been said in the Commons, that will constitute the law; the law will be found within the four corners of this Act; yet when we see the head of the department charged with the administration of this Act giving such an extraordinary interpretation as to what is an individual's income, it seems that we need to go closely into this measure and scrutinize it and try to