

THE SENATE

Wednesday, July 12, 1961

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

INCOME TAX ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-120, to amend the Income Tax Act.

Bill read first time.

SECOND READING

Hon. Gunnar S. Thorvaldson moved the second reading of the bill.

He said: This is the bill that comes to Parliament each year for the purpose of making necessary amendments to the Income Tax Act. It follows largely the budget resolutions which were presented by the Minister of Finance in the House of Commons as part of the budget debate on June 20 last.

Honourable senators will be aware that this bill is somewhat lengthier than has been the case in some years, consisting as it does of 40 clauses on 31 pages. It deals with a variety of subjects, including provisions to implement the proposals made at the federal-provincial tax sharing conference which was held in Ottawa earlier this year. The bill also makes extensive amendments in the field of taxation of personal corporations. However, it has been announced in the other place that in order to allow more time for the study of these provisions as well as representations to the Government and the committee these provisions are to be held over until a later date. Consequently I will not deal with them now.

Hon. Mr. Hugessen: Are they contained in this Bill C-120?

Hon. Mr. Thorvaldson: They are contained in this bill. They consist of sections 26 and 27, I think. These lengthy sections, extending over approximately six or seven pages of the bill, are being held over and not being dealt with at the present time.

Hon. Mr. Hugessen: So we can take it that sections 26 and 27 of the bill now before us have been withdrawn and are not to be considered?

Hon. Mr. Thorvaldson: That is right. I think those sections are 26 and 27. There was some renumbering of the sections, so I may not

be correct. However, those sections dealing with personal corporations will not be part of this presentation. They start at section 24.

Hon. Mr. Connolly (Ottawa West): Would the honourable senator permit a further question?

Hon. Mr. Thorvaldson: Yes?

Hon. Mr. Connolly (Ottawa West): It would be a matter of convenience if the honourable senator would look at the bill we have before us and tell us whether, in fact, these sections which begin on page 21—sections 26 and 27—are to be eliminated? Does the honourable senator mean that the sections to be eliminated are those starting more than half-way down page 21 and extending to and including page 28, and no others?

Hon. Mr. Thorvaldson: With regard to the pages numbered 21 to 28, is the honourable senator from Ottawa West referring to the new bill that has just been distributed? There were some changes in the page numbering resulting from amendments made in the other place. I received the final draft only a few moments ago, so I do not know the exact page numbering.

Hon. Mr. Connolly (Ottawa West): I have before me Bill C-120 as printed after the first reading on July 3, 1961. This has just been handed to me.

Hon. Mr. Thorvaldson: Honourable senators can take it for granted that the two quite lengthy sections which deal with personal corporations are not being proceeded with at the present time.

Hon. Mr. Connolly (Ottawa West): That is, sections 26 and 27 are out?

Hon. Mr. Thorvaldson: Yes.

Honourable senators, I do not propose to deal with the bill section by section. That would be a dreary task and perhaps unenlightening in some instances, because many of the provisions, being amendments, are somewhat technical in character. Furthermore, I presume we shall be dealing with the bill section by section in committee. Consequently, I shall attempt rather, to give a broad review, particularly in regard to the main provisions of the bill.

To begin with, I might first refer to the exempting provisions in the bill, mainly provisions giving tax relief in various instances. There is, for example, an exempting provision for the benefit an employee derives from his employer's contribution under a deferred profit-sharing plan. I shall have quite a bit more to say about deferred profit-sharing plans as I go on, because this is a new feature of income tax legislation in Canada.