

absent from Canada, and we had to prevent him from taking a tax credit in respect of income which we had not taxed.

The CHAIRMAN: Shall section 19, subsection 1, carry?

Some Hon. SENATORS: Carried.

The CHAIRMAN: Next we come to section 19, subsection 2.

Dr. EATON: This is the provision dealing with taxation of life insurance corporations in respect to taxes paid to a foreign government. It was never intended in principle that they should be deprived of the tax credit they previously enjoyed.

The CHAIRMAN: Shall this subsection carry?

Some Hon. SENATORS: Carried.

Section 19, subsections 3, 4 and 5 were agreed to.

On section 20—trusts or estates.

The CHAIRMAN: This section is an amendment of section 40 of the Income Tax Act by inserting a new paragraph. This paragraph provides that an estate or trust must file a return of income within 90 days of the end of its taxation year where previously the requirement was that it file on or before April 30.

Section 20, subsections 1 and 2 were agreed to.

On section 21—payment of remainder.

The CHAIRMAN: This subsection clarifies the requirement in the present subsection 2, with regard to quarterly instalment payments.

Mr. GAVSIE: There is a provision that if remuneration from which amounts have been deducted or withheld, which a person received in the year, is equal to or greater than 75 per cent of his income for the year, he does not have to make instalment payments. The question came up as to whether that 75 per cent was before the deduction was made or after it was made, and now we are making it clear that it is gross and not the net.

The CHAIRMAN: Shall subsection 1 carry?

Some Hon. SENATORS: Carried.

Section 21, subsection 2 was agreed to.

On section 22—special case.

Dr. EATON: This is the relieving section for the small co-operatives.

Hon. Mr. HAYDEN: Did they ask for this?

Dr. EATON: Not in this exact form.

Hon. Mr. McDONALD: Is this what they asked for?

Dr. EATON: It is more than they asked for. It is consequential of the fact that they only have to pay 10 per cent on the first \$10,000. It used to be that they need not make instalment payments if their income was \$3,000. We have changed the word "\$3,000" of income to \$1,000 of tax, which in effect gives them freedom from instalment payments if their income is up to \$10,000.

Hon. Mr. NICOL: At the present time co-operatives have an exemption of taxation, have they not?

Dr. EATON: For the first three years of their existence they are exempted entirely.

Section 22, subsections 1 and 2 were agreed to.

On section 23—certificate before distribution.

Mr. GAVSIE: This conforms with the new Bankruptcy Act.

Section 23, subsections 1 and 2 were agreed to.