

Mr. McCANN: Well, does what I have said answer the question?

Mr. BRACKEN: Yes.

Mr. McCANN: I admit it would be much clearer if the various expenditures were consolidated. In past years I have found myself in exactly the same position as the leader of the opposition finds himself in to-day, where it took a lot of ferreting out to determine what the total expenditures in a department might be.

Mr. BRACKEN: The moral to be drawn from this is that it seems to me that when these estimates are brought forward someone should give the committee a frank and full picture of each service, stating that there is so much here, so much there, and so much somewhere else, and that it adds up to a certain amount.

Mr. MACDONNELL (Muskoka-Ontario): Under this item for departmental administration I should have asked if there has been any discussion between the dominion and the provinces with a view to having a little less by way of insurance departments than we have at the present time throughout the country.

Mr. ILSLEY: That matter was mentioned at the last meeting of the coordinating committee, attended by the premiers, but it was not discussed for any considerable time. I should hope that it would be discussed later. It must be remembered, however, that the provinces have always been most retentive of their jurisdiction.

Item agreed to.

458. Royal Canadian Mint, including the Dominion of Canada assay office, further amount required, \$47,245.

Mr. ADAMSON: I put several questions on the order paper respecting overages at the Royal Canadian Mint. I received a letter in the matter this morning, and I understand that all overages at the mint go into the consolidated revenue fund, whether they arise from the operation of the cotrelle, or from sweepings.

Mr. ILSLEY: I cannot answer that.

Mr. ADAMSON: Could the minister find out from his officers and let me have the information later?

Mr. ILSLEY: Yes.

Item agreed to.

[Mr. Bracken.]

DEPARTMENT OF NATIONAL REVENUE

Income Tax Division—

225. General administration, including authority to create positions and make appointments within the division, notwithstanding anything contained in the Civil Service Act and the said positions and staff so appointed are hereby wholly excluded from the operation of the said act, \$888,073.

Mr. CASTLEDEN: What has the department done in connection with preparing a more simplified form of income tax return to be made out by those engaged in agriculture? I understand that an attempt is being made to spread the income tax over a five-year period. The minister said earlier that the department was doing something in connection with preparing a simplified form, and had hoped to have something ready at this time. I do not want a long statement, but I want something that will be comprehensive.

Hon. J. J. McCANN (Minister of National Revenue): The question of income tax assessment of farmers and ranchers was raised some time ago in the house, and I undertook then to make a statement indicating the basis on which they are assessed, having in mind two particular problems; first, cash versus inventory and, second, what might be called dispersal sales by ranchers and farmers of their cattle.

I am advised that farmers and ranchers are assessed on either the cash disbursed and cash income or on an accrual or inventory basis. The cash basis, as its name implies, takes into account only the cash received and the cash paid out during the taxation year. At the inception of the Income War Tax Act farmers as a class did not keep accurate accounting records, and to a lesser degree that still is substantially true. In the main they only keep memoranda regarding the money received and the money spent. Because of this, farmers, unlike other business concerns, were permitted to use the cash basis and to report as income that which they paid out, the difference representing the income on which they were taxed. This method fitted in with the factual position of farmers, and found general acceptance by farmers because it was simple and could be easily understood. As stated, they regarded that which they sold for cash in the year of sale and that which they bought for cash in the year of purchase as representing income and outgo. They set one off against the other, and the difference indicated their income for that year. This method of determining revenue and expense does not apply to capital assets that were bought or sold during the year, that is, farm machinery was