

Hon. Mr. VIEN: But that might not be as flexible. There might be an amendment to provide, over a period of years, and at the same rate.

Hon. Mr. ABBOTT: I would like to give some consideration to that. I have been talking to Mr. Gavsie. It is true that this applies to the 1949 period, but in the 1949 period the taxpayer, as I said, has the option of using the dollar depreciation to which he would be entitled under the old discretionary regulations, so that, as in some other points that have arisen in connection with small businesses, I promised to give consideration to these points and if necessary introduce an amendment in my spring budget making it effective for the current fiscal period. I would prefer to deal in that way with this point, because it is an important one as it would involve reopening assessments for previous years, and perhaps complicated questions of interest. Ordinarily it would be fair to do this. I quite see that. But I would not like—

Hon. Mr. VIEN: We do not ask that the assessments be reopened, but that that amount of money which must now be added to the taxable income be spread over a period of years in the future.

Hon. Mr. ABBOTT: What might be a satisfactory solution would be perhaps that we could push it forward over a period of years rather than going back; that is, have some basis of averaging in forward years. We had somewhat similar problems in connection with the excess profits tax, and where the boards of referees had to change the basis we had some quite complicated questions of averaging those back into previous years.

Hon. Mr. VIEN: The amendment suggested would enable you to deal with this matter by regulation.

Hon. Mr. ABBOTT: Well, would the committee allow me to consider a possible amendment as to that? I would hope that we would not try to rush it in during this session. We are going to have budgets closer together than we ever had before. I am assuming that I will be able to bring the 1950 budget in during April at the latest, so that we will not be here all summer. You see, any amendments of this kind which come in as early in the spring as that can be made effective for the 1949 period, because no assessments would have been made; and while books may have been closed, it is not at a point where they could not be reopened. Since it is not retroactive, there could be almost no recapture provision for the first period anyway.

Hon. Mr. GOUIN: We have been discussing the case of a certain sale, and as you are familiar with our system in the province of Quebec I think it would be easy for you to appreciate the situation. Suppose a man died on January 1, 1949, and left a small property. Say it was worth \$10,000 and the amount of depreciation was \$4,000. Then say the executrix, the widow, sold that property for \$12,000. The cost was \$10,000, the depreciation amounted to \$4,000, and so it stood at \$6,000 on January 1, 1949. I would interpret the Act as meaning that the estate would have to pay on the lesser of the two amounts; either the difference between the sale price of \$12,000 and the cost price of \$10,000, or the difference between the sale price and the depreciated amount.

Hon. Mr. ABBOTT: In the case that you are citing I take it that this would be a rented property?

Hon. Mr. GOUIN: Yes.

Hon. Mr. ABBOTT: Which had been depreciated up to January 1st down to \$6,000?

Hon. Mr. GOUIN: Yes.