

Mr. NICHOLSON: How much does it cost the treasury of Canada to have the section applicable? In other words, how much more revenue would be available if we did not have this section?

Mr. ILSLEY: I do not think any estimate would be possible. The revenue derived from the gift tax is not a test of what we gain by it or what we would lose by repealing it. The gift tax is a deterrent to transfers which minimize income tax, but I could not say how much of a deterrent it is. It is impossible to say.

Mr. JACKMAN: It might result in diminishing returns.

Mr. CASSELMAN: And upon which you still collect income, from the gift tax, other than the \$4,000 which is exempt.

Mr. ILSLEY: I do not know that I understand the hon. member for Mackenzie, but certainly, if I have an income on which I am paying 70 per cent and I can give away half of it, so that I and the donee each pay at the rate of 40 per cent, the government is out a lot of money in income tax. Therefore a deterrent such as this has an indirect benefit to the treasury which is probably very great but which certainly is not susceptible of measurement.

Mr. NICHOLSON: I understand that some of the larger firms have been making very substantial gifts, hoping it will have some advertising benefit, and I wondered if this might not be the time to refrain from giving any consideration in respect of gifts which are made in that way. I think it is a bad principle on which to make gifts.

Mr. MARTIN: Those are bonuses.

Mr. ILSLEY: I think the hon. member must be talking about charitable donations, or something of that kind.

Section agreed to.

On section 29—Date payable.

Mr. MacNICOL: You have been so expeditious, Mr. Chairman, that you deserve congratulations, but you went so fast that I did not notice the section which has reference to the date when private persons are to commence paying their quarterly instalments of this year's income tax. When the resolution was before the house, I believe the minister changed the date of the first payment to October.

Mr. ILSLEY: That is right—from September to October.

Mr. MacNICOL: October 15?

Mr. ILSLEY: Yes.

44561—321½

Mr. MacNICOL: And the second payment is on January 15?

Mr. ILSLEY: Right.

Mr. MacNICOL: That has not been changed?

Mr. ILSLEY: No.

Section agreed to.

Section 30 agreed to.

On section 31—Interest and dividends.

Mr. FRASER (Peterborough West): With regard to subsection 2, if you know that the earnings of, say a married man, are less than \$1,200, is it necessary to deduct the tax from his wages?

Mr. ILSLEY: It must be deducted if he is earning at the rate of \$1,200.

Mr. MacNICOL: I asked this before, but I am not yet quite clear about it. In the case of the ordinary janitor, if I may so call him, who cuts a householder's grass, and fires his furnace in the winter time, and to whom one pays perhaps \$10 a month, does one have to deduct this tax off his \$10 a month?

Mr. ILSLEY: If it is at the rate of \$1,200 a year you would have to do it.

Mr. MacNICOL: How would the ordinary householder know? For instance, I pay a man \$10 a month for cutting my grass and firing my boiler, but I do not know if he does the same thing for any other people on the street, or for how many, and therefore I would not know whether he was making over \$1200 a year or not.

Mr. ILSLEY: If the hon. gentleman pays the janitor at a daily rate—

Mr. MacNICOL: Not a daily rate but \$10 a month.

Mr. ILSLEY: How many days does he work?

Mr. MacNICOL: I suppose he cuts grass once or twice a week in the summer, and he would fire the boilers twice a day in winter.

Mr. ILSLEY: If he is working for the hon. gentleman at a rate that will work out at \$1,200 a year he ought to deduct.

Mr. MARTIN. That is not the question. As I understand the hon. member's question, it is this. Suppose that man were working for ten people from each of whom he received \$10 a month. It is supposed to be deducted at the source; who would do the deducting?

Mr. MacNICOL: Who would know for how many he worked?