

## THE SENATE

Thursday, September 14, 1950

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

## BUSINESS OF THE SENATE

**Hon. Wishart McL. Robertson:** Honourable senators, there is no legislation before us, and I have ascertained that there is not likely to be, even under the most favourable circumstances, for a few hours. But as usually happens on the occasion of the termination of a session of parliament, "hope springs eternal", so I move that the house adjourn during pleasure, to reassemble at the call of the bell at 3 o'clock.

The Senate adjourned during pleasure.

At 3 p.m. the sitting was resumed.

**Hon. Mr. Robertson:** Honourable senators, as no legislation has come to us yet from the other place, I can only suggest that the house adjourn again during pleasure. I do not wish to inconvenience anyone, but I would ask honourable senators to remain within the precincts of the building so that they may be readily available should any legislation come to us during the afternoon. I would move, therefore, that the house again adjourn during pleasure, to reassemble at the call of the bell at 5 o'clock or sooner.

**Hon. Mr. Aseltine:** I was in the gallery of the other chamber this morning, and I can report that all the taxation measures had received first reading there before 1 o'clock. The opinion was expressed then that these bills would receive second reading early this afternoon, so it may be that we shall be in a position to deal with them before 5 o'clock.

**Hon. Mr. Robertson:** That is why I suggested to honourable senators that they make themselves available during the afternoon. Honourable members will be called to the chamber at 5 o'clock unless some legislation is forthcoming before that time, in which event the bell will be rung sooner.

The Senate adjourned during pleasure.

The sitting of the Senate was resumed.

## INCOME TAX BILL

## FIRST READING

A message was received from the House of Commons with Bill 6, an Act to amend the Income Tax Act.

The bill was read the first time.

## SECOND READING

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

**Hon. Mr. Robertson:** I move the second reading now.

Honourable senators, this bill is the first of four revenue bills arising out of the supplementary budget introduced in the present session by the Minister of Finance. The need for raising additional revenue is caused by the increased defence expenditures that the government has recently decided to proceed with. After the estimates for the current fiscal year had been revised and the new sums for defence were added to the already authorized expenditure, the net result was a budget deficit of about \$44 million. The Minister of Finance has announced the government's definite determination to pay as we go in this new effort, and accordingly additional new revenue measures have been passed by the other place. The expected total revenue in the remainder of the current fiscal year from this and the other three measures which in due course will be introduced in the Senate is estimated to be \$58.9 million. This would result in an estimated over-all surplus of \$15 million, instead of \$20 million as forecast by the Minister in his budget speech last spring.

The bill now before us, an amendment to the Income Tax Act, provides for an increase of 5 per cent in the rate of tax on corporations, applicable to profits earned on and after the 1st of September this year. That is to say, the present rate of 10 per cent on the first \$10,000 of profits will be increased to 15 per cent, and the present rate of 33 per cent on profits in excess of \$10,000 will be increased to 38 per cent. It is expected that these increased rates will yield an additional \$13.5 million in the current fiscal year and \$85 million in a full year. As honourable senators are aware, there are no increases in personal income tax rates.

**Hon. W. M. Aseltine:** Can the honourable leader of the government state how much revenue will be obtained under this measure between now and the 31st of March 1951?

**Hon. Mr. Robertson:** It is estimated that the yield for the remainder of this fiscal year will be \$13.5 million, and for a full year \$85 million.

**Hon. Mr. Aseltine:** I think that no honourable members on this side have any objection to the bill. It may be that some of our colleagues who are interested in big manufacturing corporations will wish to say something, but I have no remarks to make. I