Mr. ABBOTT: Yes.

Mr. ADAMSON: If, as and when applied by a province?

Mr. ABBOTT: That is correct.

Section agreed to.

On section 5—Deduction not allowed on certain taxes paid to provinces or municipalities.

Mr. FLEMING: Reference is made in the explanatory note to the dominion-provincial taxation agreements. It reads as follows:

The amendment repeals the definition of "corporation tax" now in the act to permit it to be kept in conformity with the dominion-provincial tax agreements.

Heretofore the committee knows nothing concerning the contents of the dominion-provincial tax agreements. Perhaps the minister would say a word in explanation of this note.

Mr. ABBOTT: Of course there will be legislation introduced in the house later to authorize the execution of the agreements so far as the dominion is concerned. The terms of the agreements with these other provinces have been made public, and if my hon. friend has had an opportunity of examining them he will see that a corporation tax is defined in the terms of the agreements, and it is necessary that it should be defined because the agreeing provinces have undertaken to go out of the corporation tax field by the terms of the agreements. A corporation tax was defined in the wartime tax agreement. I cannot say that the definition is identical in the new agreement, but it is similar. I am advised that there have been a few minor changes.

Mr. FLEMING: But it would be much more desirable to have the definition, if it is an accepted definition, written into the act instead of giving the governor in council the right to define. We are back to the same old business of ministerial acts and discretions, to the same sort of thing I understood we were trying to get away from.

Mr. ABBOTT: The difficulty is, as one finds when he looks into this, that it is a question of what may be a corporation tax. There is such a variety of differences that it is almost impossible, or we felt it was almost impossible, to set up a comprehensive definition which would include every type of tax that should be classified as a corporation tax. There are a good many ways of levying it, but the accepted types were, of course, taxes paid on capital and taxes on head office. My hon. friend is familiar with the types that were in force before the war; but we find that in the different provinces there is a great variety of these taxes which were imposed on corporations and they are corporation taxes, so that this is the deduction which we are disallowing but which requires definition of what will be included and what will not.

Mr. FLEMING: I appreciate the difficulties to which the minister refers, but I am coming back to this. There must be a definition at some time by somebody. What the government now proposes is that it be reserved to the governor in council. That is not going to make it any easier. Surely this is the place where definitions of this kind should be written.

Mr. ABBOTT: Another is that it may have to be varied from time to time and it may have to be varied as other provinces come in and raise new points. We found in the discussions with the provinces, with which discussions have already been carried on, that a great number of points are raised, and each province has had its own particular types of taxes and its own particular cases that it has to put up. After giving the matter pretty full consideration, we came to the conclusion that the most satisfactory way was to set up in the law that the governor in council, that is to say, the government of the day, shall have the right to define by regulation what constitutes a corporation tax for the purpose of not being allowed as a deduction from gross income for purposes of arriving at liability for federal income tax.

Mr. MACDONNELL (Muskoka-Ontario): Following what the hon. member for Eglinton has said, it does seem to me that there is great force in his point, and also that it is unfortunate, particularly when the question is one between the dominion and the provinces, that this should be done entirely unilaterally.

Mr. ADAMSON: There is one thing about this section which seems to negative a previous clause. The side-note says:

Deduction not allowed on certain taxes paid to provinces or municipalities.

It does not specify any type of industry. This, presumably, is for an industry. I have not subsection 6 of section 6 of the old act before me, but you could here have one authority saying your mining or logging industry was exempt from a tax and another group advising the governor in council, saying it was not. It seems to me that this is the sort of draftsmanship which leads to confusion. This is something that will cause the federal and provincial governments a great deal of trouble a little later on, and I am referring to the northern mining municipalities. Under the