

of his salary in speculating and real estate. When I make my returns to the Brantford assessors, I deduct the repairs, taxes, insurance, and everything. On the other side, I put the rent received, and the difference is my income. I think that is the fair way of doing it, and it was with a view to getting the matter settled and enabling a man to make a proper return to the department that I raised the question. I am, in a small way, a trustee for some real estate, and I know this method of making returns has been found equitable and satisfactory by the courts. If it is proper for a trustee, it ought to be proper for an individual. There is another point I wish to mention. If the Finance Minister tells a man he has an income of \$25,000, and the man himself says "My income is only \$15,000" it is up to the Minister of Finance to show him where the \$25,000 is. If a man only has an income of \$15,000, and it is sought to assess him on an income of \$25,000, I think he has a very reasonable grievance against the Government. I am not saying this with a view to paring down at all, because I am quite satisfied and willing to pay anything I may be called upon to pay under this Act; but, as a man who has to make a report, I do not want to be subject to a \$10,000 fine for making a false report. It appears to me the minister would be acting wisely if he were to consider the proposition made by the hon. member for St. John. I think it was a fair statement, and covers the point in perhaps a better way than I did this afternoon. I was not dealing at all with the matter of salary or with anything but an income from real estate, which income is the difference between the revenue and the outgo or expenditure. It seems to me that is equitable and right. I cannot see it in any other way.

Sir THOMAS WHITE: We are talking about entirely different things. Before six o'clock my hon. friend raised the question as to depreciation of real estate. After eight o'clock we were discussing the question raised by my hon. friend from Rouville (Mr. Lemieux), whether a man with a salary of \$10,000 should be allowed to deduct from it the taxes which he might pay in respect of some unproductive property which he held. If a man's income is derived from real estate his calling, so to speak, is that of a landowner, although, of course, he is not a professional man in that sense. He has to take his unproductive houses and estimate the net return, as my

hon. friend has suggested. The proposition I am laying down is that a man with an official salary of \$10,000 should not deduct from it the \$1,000 or \$2,000 that he may have to pay in taxes on unproductive property. I am in the position where I shall have to pay in this respect just like other people. I have to pay taxes on unproductive property, and I certainly do not intend to deduct the taxes from my income. I think that is how the boards will construe the Act. That is the way they have construed the income tax legislation of the United States.

Mr. GRAHAM: There are two kinds of property. One is real estate. Suppose a man is not interested in real estate, productive or unproductive, but in some other kind of property—securities, for instance. Suppose the hon. member for Brantford (Mr. Cockshutt) had two securities, one of which paid him a regular dividend. All at once the dividend stops. Would he be entitled to deduct from his income the interest he had to pay on the money in that non-productive security?

Mr. COCKSHUTT: I do not think that is a parallel case.

Mr. GRAHAM: Nearly; it is a different kind of property that is all.

Mr. COCKHUTT: If, instead of it being a dividend producer, the dividend ceased and a call was made upon him to pay in more capital—that is the point which I raised. Instead of bringing in income, he is called upon to make good an outgo. The company says: "You have subscribed for so much stock, and to save it you must now subscribe for so much more." If the company said that, that would be a parallel case. The ceasing of the dividend is not sufficient. Taxes, insurance, repairs, all have to go on. If I have a caretaker, he has to be there, and snow shovelling and watering the street have all got to be done as though the property was occupied.

Mr. GRAHAM: I will go as far as my hon. friend has suggested. Suppose that a call was made, do you think he would be entitled to deduct the amount of that call from his income? I say no. Go just as far as you like. That is capital expenditure; it is not income. Suppose I invest \$10,000 in stock and half of it becomes unproductive. A call is made, and I have to pay in that call. I have made an investment that I thought was going to pay, but it did not. My hon. friend has invested