

so high. I do not intend to go into details but I have given one particular case to the minister privately. That was the case of a corporation in which three partners owning equal shares in the business turned it into a joint-stock company for purposes of convenience only, long before the section was enacted. Two of the partners were permanent employees of the concern while the third, the president, acted in an advisory capacity only and drew no salary. Consequently that concern does not come within the law as it is at present. I submit that that is a case of very considerable hardship, and I ask the minister to be good enough to amend the law to meet cases of that kind, in accordance with the definite pledge given to the House in the words I have quoted.

Mr. BOURASSA: Last year when the income tax proposals were before the House I called the attention of the government to the importance of encouraging the taxpayers with large families by extending the exemption of \$500 for each child to the age of twenty-one years. The reasons then given apparently struck the minister as being cogent and proper, because in three or four instances the late minister, who had charge of that part of the resolution, promised that when the Income Tax Act was next amended, this would be the first amendment taken up by the government. Therefore I am quite sure that it was merely an oversight on the part of the minister when he brought down those resolutions without regard to the promise made last year by his colleague. No promise was made of a general reduction of 10 per cent of the income tax, but a definite promise was made for the further extension of the children exemption clause. It seems to me it is not necessary to develop at length the reasons. First, as everybody knows, children kept at school—and I suppose we ought to encourage parents to keep their children at school as long as they can—are more costly to their families between eighteen and twenty years of age than they are when they are youngsters. Second, twenty-one years of age is the legal age, the age of emancipation.

Some hon. MEMBERS: Oh, oh.

Mr. BOURASSA: Yes, of legal emancipation. A child of nineteen or twenty years of age under our civil law—and I think it is the same throughout the Dominion—is not absolute master of himself until he has reached his majority. Of course, if children are earning their living, I quite admit that the exemption should not apply, but it does not apply at present. Supposing a child at sixteen

years of age earns his living, works for himself, he does not come in under the exemption granted by law. But a child of nineteen or twenty years of age kept at school by his parents is a heavy charge upon his family, and moreover he is not considered by the government in giving exemption from taxation. It seems to me obvious from a social as well as from a sound economic point of view, that the exemption should be extended to the parents in such a situation rather than that a general exemption of 10 per cent should be granted to all taxpayers, whether they would feel the burden of paying that 10 per cent or not.

It would be quite easy to cite many concrete cases. For instance, take the father of no family with a revenue of \$100,000 a year. I have not looked this afternoon at the scale to see what he would pay, but his income tax was already largely reduced last year. He is again favoured this year by a further reduction of 10 per cent on the total amount he should pay. On the other hand, we have the father of a family of ten children earning an annual revenue of, let us say, \$7,000 or \$8,000. He receives an exemption for those children that are under eighteen years of age; but if he keeps two of those children at school between the ages of eighteen and twenty-one; if he wants to develop their education, if he is prepared to endure sacrifices to make them better citizens of Canada, the government disregards his sacrifices. He is struck precisely at the moment when he is making the greatest financial outlay to give a better education to his children. That is unfair, and in fact the suggestion I now make was considered so equitable last year that there was no discussion. The only reason given by the then Minister of Customs, the late Mr. Boivin, was that as the government had already made large curtailments, it was not proper to make any more that year, but that the following year, if any changes were made in the income tax, so far as he was concerned he pledged himself to see that this would be the first modification.

It is suggested that this would mean a decrease in revenue. I have already stated that the revenue derived from income taxation could be largely increased from various sources. First, this 10 per cent exemption which we are now asked to vote, could be granted only to taxpayers who have less than a certain annual revenue. I do not see why a man who has a revenue of \$50,000 should receive the exemption proposed under this resolution. Surely he is not in such a position that the government is bound to take