give him in the neighbourhood of $300—I am not very good at arithmetic. There is no depreciation on the fixtures. He goes to the automobile; he took $140 depreciation in 1949, so that the automobile is now written down to $560. The rate is 20 per cent. He takes 20 per cent off $560. He has got $300-odd depreciation on the building, and $70, or whatever the 20 per cent of $560 is, he adds that to it; that is his rate for 1950. Now he goes on till he sells something or buys something. If he buys something he just adds the price he paid for that article to that $6,650, if that is the balance at the end of that year. If he sells something, all he has to do is look and see whether the 1949 cost and the price he is now getting for it—if he is now getting more than the 1949 cost. Then he would take that off—, that is pure capital gain. If the price he got was less than the 1949 cost he subtracts that from $6,650. And here is the most important part of the new system, which never existed before. If he sold that article at a loss, heretofore he would have not have had any way of recovering that loss. Under this system the capital cost of that item is included in the $6,650, and if he sells it or scraps it and only realizes a dollar for it he just deducts a dollar from the $6,650, and he continues to take depreciation on that amount, and continues to take the allowance. That was never provided for before. Supposing some of the things he is depreciating become obsolete and he has to scrap them. Under the old system, whatever he did not depreciate he would have lost.

Hon. Mr. Moraud: But there is the other side of that.

Mr. Gavsie: Oh, yes, there is a two-way street. If he recovers he has got to bring it back in. I do not know if I have answered Senator Davies' question. Naturally I have taken the simplest illustration. There might be two or three buildings in one group.

Hon. Mr. Nicol: If he loses he continues to take depreciation from year to year?

Mr. Gavsie: Yes.

Hon. Mr. Nicol: But if he makes a profit he pays it all at once, the same year?

Mr. Gavsie: No. He brings it first into that group. If he cleans out the group, if he sells out—

Hon. Mr. Nicol: But you spoke of one property. Let us keep to one property. He sells that one property and he loses. He continues to write off his loss from year to year?

Mr. Gavsie: No, if he has only got one property, if he loses, that is a loss against his income of that year.

Hon. Mr. Nicol: But if he makes a profit?

Mr. Gavsie: Up to the extent of the allowance he has taken he brings it back into income.

Hon. Mr. Moraud: I want to stop with that case, and I wish you would think of some amendment to protect those people. I am thinking of the small property owner. If a small man buys a mining stock he is entitled to a depreciation, to a depletion.

Mr. Gavsie: You mean a share of stock?

Hon. Mr. Moraud: Yes.

Mr. Gavsie: There is no capital allowance for that. There is depletion, senator.

Hon. Mr. Moraud: If he buys a bond he gets his interest; no depreciation, no nothing. In my part of the country a lot of these people are small property owners. They buy a small property instead of buying a bond. It is their investment. They have a large family. The property owner takes his depreciation