

lief is that if we should reduce this amount below \$50,000, the amount that we would get in additional revenue would be consumed by the additional cost of administration. Under this measure as drafted, I think we shall avoid heavy cost of administration. The cost will be considerable, but the percentage, I believe, will be small as compared with the amount that we will collect.

Mr. NESBITT: Was my hon. friend talking about income tax when he spoke about having to go around to the flats to make assessment?

SIR THOMAS WHITE: No. I was talking about making this applicable to the particular business that my hon. friend suggested.

Mr. NESBITT: My hon. friend will send out a certain form for the companies to fill?

Sir THOMAS WHITE: Yes.

Mr. NESBITT: Does he mean to insinuate that a man whose capital is less than \$50,000 will be more dishonest in his statement than the man with \$50,000 or over?

Sir THOMAS WHITE: I do not say that for a moment.

Mr. NESBITT: There is no more necessity to go around to ordinary business houses to get statements than to the bigger houses.

Sir THOMAS WHITE: In order to send out the statements, it will be necessary to ascertain all these businesses.

Mr. NESBITT: That is easy.

Sir THOMAS WHITE: My hon. friend says it is easy, but I do not agree with him.

Mr. NESBITT: It is very simple.

Sir THOMAS WHITE: I have had some experience of it.

Mr. LOGGIE: All the business firms are registered with Bradstreets and Dun & Company.

Sir THOMAS WHITE: All the large ones.

Mr. LOGGIE: I differ with the minister. He will find that some of the ratings are very small amounts. I am persuaded that the minister would have a much more equitable Bill if he would reduce the minimum capitalization. He has already taken power to force any business firm to have an accounting period. That, I think, will be a good thing for the firms doing business,

and also for their creditors; in fact, for the business of the country as a whole. I would suggest that the minimum capitalization be reduced to, say, \$20,000. Certainly any firm with such a capital should have a set of books and an accounting period. I do not see why the reduction of the minimum capitalization should entail any additional expense. I have already stated my strong objection to the spread between seven and ten per cent. It is not fair as between two companies, one with, say, \$40,000 and another with, say, \$50,000, in the same town. The one with \$50,000 capital may have \$10,000 tied up in its real estate, but its stock and turnover may be the same, and its profits may be even less.

Mr. McCREA: In the resolution as originally introduced the basis of taxation was \$50,000 of paid-up capital. I understand that that has been amended so that a company may be taxed even if its capitalization is under \$50,000 if the capital employed is \$50,000.

Sir THOMAS WHITE: They are liable if the reserve and accumulated profits, with the capital, exceed \$50,000. That will bring in a great number of companies that are prosperous.

I wish to move an amendment to subsection 2 of section 5. I move to substitute for the present subsection the following:

The profits of a non-Canadian company shall be the net profits arising from its Canadian business.

I may say that is in accordance with the English measure, and in accordance also with the principle adopted in the United States.

Mr. LOGGIE: How do you get at the capital of the Canadian business? In the same way as in the case of any other incorporated company?

Sir THOMAS WHITE: That is provided in section 7:

The capital employed in the business of a non-Canadian company shall be such portion of the amount paid up on its capital stock as shall bear the same proportion to the amount paid up on its entire capital stock as the value of its assets in Canada bears to the value of its total assets.

We found that we could not apply section 5, subsection 2, to companies, such as insurance companies, which have large investments in Canada, and altogether I