

instead of the wage earner. Such a confused situation is created in the administration of an estate and drawing up of a dividend sheet that it is practically impossible for the trustee to get on with it.

Hon. Mr. COPP: Suppose a bankrupt owes \$1,000 that he has retained from his employee's wages. I understand Mr. McEntyre's suggestion to be that that amount should be made a preferred claim against the bankrupt. Is that your suggestion, Mr. McEntyre?

Mr. McENTYRE: I have no particular brief as to whether that should be a preferred claim. I am simply here to point out that if the bankruptcy bill were enacted in its present form there would be a conflict between the two laws, and that conflict would make it very difficult for the income tax administration to know exactly where it stood.

Hon. Mr. McGUIRE: Would there not be a conflict with respect to many of these other things which are also made a first claim by statute?

Mr. McENTYRE: I imagine there would be in some cases. The point here is that this particular provision of the Income War Tax Act was enacted by the Dominion Parliament as recently as last September, and it would seem rather extraordinary to have another enactment so soon afterwards which conflicted with it. I certainly appreciate what Mr. Reilley said as to the difficulty in preparing a dividend sheet, in the face of the large number of conflicting priorities in dominion and provincial statutes. I am certainly in favour of Mr. Reilley's suggestion that the matter be cleared up in the Bankruptcy Act, which would be a central place.

Hon. Mr. LEGER: Mr. Reilley may have drafted his bill prior to your enactment.

Hon. Mr. McGUIRE: Your amendment is to make your claim a preferred claim on the funds in the hands of the trustee. In addition, under your act you have a claim against the employer, making him a debtor to your department. So if you did not get the money out of the funds you would still have a claim against the employer. You also say he is your agent. Therefore he would owe you the money personally and you could pursue him apart from any funds that might be in the hands of the trustee.

Mr. McENTYRE: I think that is correct, sir. We have taken two positions: we have said, first of all, "If you have the money you are the trustee and the funds belong to us," and then, "if you have not the money, we have a claim against you for the money."

Hon. Mr. McGUIRE: He owes it to you as a debtor, and he owes it to you as your agent, and you are claiming it through the trustee in bankruptcy. You have about three claims against him for the money, so you should get it in some way.

Mr. McENTYRE: The purpose of our department is to get the money.

Hon. Mr. McGUIRE: I do not think the trustee in bankruptcy should be in the position of not knowing to whom he has to pay the money. I do not see how any trustee, after looking at all these statutes of the provinces and the dominion, could finish with any estate, or how he could know whether he himself was going to be a defaulter. I think we should provide him with a system whereby he can come to some conclusion in the matter, and it seems to me that is what this bill provides.

The ACTING CHAIRMAN: Are there any other questions on this particular point? If not, will you proceed with the other point, Mr. McEntyre?

Hon. Mr. LEGER: Mr. Chairman, we will deal with the suggestion Mr. McEntyre has made when we come to consider the bill later.