

the words "annual profit or gain," the Senate has inserted the word "net" before the word "profit," so that, for the purposes of the Act, "income" means the "annual net profit or gain or gratuity." That is the only change made in subsection 1 section 3 with the exception of striking out the following words:

—with the following exemptions and deductions:

(a) the value of property acquired by gift, bequest, devise or descent;

(b) the proceeds of life insurance policies paid upon the death of the person insured, or payments made or credited to the insured on life insurance endowment or annuity contracts upon the maturity of the term mentioned in the contract or upon the surrender of the contract;

Instead of those words, the Senate has substituted the following:

Including the income from but not the value of property acquired by gift, bequest, devise or descent; and including the income from but not the proceeds of life insurance policies paid upon the death of the person insured or payments made or credited to the insured on life insurance endowment or annuity contracts upon the maturity of the term mentioned in the contract or upon the surrender of the contract; with the following exemptions and deductions.

And then follow the exemptions and deductions included in subsections c, d, e, and f of section 3 of the Bill.

Mr. NESBITT: Would the minister read the first part again?

Sir THOMAS WHITE: Perhaps I had better explain it. As the Bill left the House of Commons, "income" meant the annual profit or gain or gratuity derived as stated in the Act, with among other exemptions, those which I have just read, a and b. The idea was to exempt from the income which a person derived during the year the amount of money or value which he might receive on a devise or bequest, or in respect of a life insurance policy. When we were debating the matter in the House, it seems clear to all here that what we were exempting was the principal, and if, by chance, that principal was invested, then the income derived from it would, of course be income under the Act. The Senate has endeavoured to make that clear so that while the principal of life insurance policies and of any devise or bequest is exempted, income derived in respect of that principal becomes income for the purposes of the Act.

Then, further, the Senate has inserted, after subsection 1 of section 3, the following:

Provided, however, that in determining the income the personal and living expenses shall not be taken into consideration.

[Sir Thomas White.]

Then, further, they have made an amendment to section 6. That section as it left this House provided that:

All persons in whatever capacity acting, having the control, receipt, disposal or payment of fixed or determinable annual periodical gains, profits, or income of any taxpayer.... shall, on behalf of such taxpayer, deduct and withhold an amount equal to the tax payable on the same under this Act.

The Senate has inserted before the word "tax" the word "normal," so that now those having control of the income of others shall deduct and forward to the minister only the normal tax. I think their reason for doing that was because they apprehended there would be difficulty in determining the amount of tax, normal and super-tax. But, of course, the party himself would be liable in respect of the super-tax upon his income as the Bill now reads.

Further, the Senate has inserted a rather important provision in section 19. I may say that section 19 is as follows:

No assessment shall be set aside by a Board or by the court upon the ground that there has been any error or omission in connection with any proceedings required to be taken under this Act or any regulation hereunder, but such Board or Court in any case that may come before it may determine the true and proper amount of the tax to be paid hereunder.

The Senate has added this proviso:

a. All the proceedings of the Board and of the Exchequer Court shall be held in camera if requested by the taxpayer.

I am aware that there is a difference of opinion as to the powers of the Senate under our constitutional usages in respect to a taxation measure; but we are near the end of this session, there is a great deal of business before both Houses, and this is an important enactment providing for the raising of moneys which we shall require in connection with the prosecution of the war, and in the circumstances I propose to move:

That the House do concur in the amendments made by the Senate.

But I should like to make this statement in connection with my motion, in order that it may appear upon Hansard: That as there are differences of opinion respecting the powers of the Senate in amending a taxation measure, our concurrence in these amendments is not to be regarded as a precedent binding upon this House in any future legislation. It seems to me that that leaves the question fairly as regards the privileges of this House, and not unfairly as respects the action taken by the Senate.