

pation, trade, business or calling, and the income therefrom shall be taxed accordingly and the determination of the Minister exercised pursuant hereto shall be final and conclusive."

That means that the Minister may to-day reopen every one of these cases even though payment has been made and say, "You have not been properly assessed; we are going to start de novo."

Hon. Mr. DANDURAND: I will read to my honourable friend the original section:

(f) Deficits or losses sustained in transactions entered into for profit, but not connected with the chief business, trade, profession or occupation of the taxpayer shall not be deducted from income derived from the chief business, trade, profession or occupation of the taxpayer in determining his taxable income, and the Minister shall have power to determine what deficits or losses sustained in transactions entered into for profit are connected with the chief business, trade, profession or occupation of the taxpayer, and his decision shall be final and conclusive.

The proposed Amendment does not vary the present practice of the Department. The phraseology of the present provision is rather obscure and infers that capital losses connected with the taxpayer's chief business may be deducted in determining profits, which is contrary to the intent and spirit of the Act. Further, the present provision does not give the Minister power in so many words to determine the taxpayer's chief business.

Hon. Mr. BELCOURT: But you are making that retroactive. Under this the Minister can reopen every single case that was settled six years ago, and alter completely the result of the assessment.

Hon. Mr. ROCHE: I can give a concrete case that would exactly apply. Take a dispute in which the person taxed was formerly clearly within the law. In the application of the proposed law to the condition existing in 1917, that person would be put out of court.

The motion was agreed to.

On the preamble:

Hon. W. B. ROSS: I would like to ask the honourable gentleman to look at section 15, the notice of dissatisfaction. It strikes me there is something wrong there. It says:

In re the appeal of _____ of the _____ in the Province of _____ stating that he desires his appeal to be set down for trial and shall forward therewith a final statement of such further facts statutory provisions and reasons, etc.

Hon. Mr. DANDURAND: When the taxpayer is dissatisfied, he gives notice of appeal to the Minister of Finance who answers his appeal. If he disagrees, then, the notice of dissatisfaction follows.

Hon. W. B. ROSS: He gives notice of dissatisfaction "in re the appeal of" etc., "stating that he desired his appeal to be set down for trial." That is the notice. Then he is to forward the final statement. If it were a new sentence after the words "for trial," I think I could make sense out of it.

Hon. Sir JAMES LOUGHEED: Suppose there are cases at times in which the appeal succeeds.

Hon. Mr. DANDURAND: I am informed that there are many of them, which may give us some encouragement.

The preamble was agreed to.

The title was agreed to.

The Bill was reported without amendment.

THIRD READING

Hon. Mr. DANDURAND moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

CANADIAN NATIONAL RAILWAYS CONSTRUCTION BILL

SECOND READING POSTPONED

Hon. Mr. DANDURAND moved the second reading of Bill 234, an Act respecting the Construction of Canadian National Railway Lines.

He said: Honourable gentlemen, it is some time since we have had a Bill of this character before us for review. I do not remember when we last voted to add to our railway system, and I realize that many have been under the impression that we had a plethora of railways, and that it would be some years before we would feel the need of adding to our present mileage. But there are stern realities which we must face, and, I hope there are enough members of the Senate who, coming as they do from all parts of this country, will confirm this statement, as they know the conditions and necessities of their respective provinces.

Hon. Mr. BELCOURT: Your hope is likely to be realized.

Hon. Mr. DANDURAND: There is absolute need for a number of railway branches throughout the West, and a few in the East, not only to draw population to the regions which they will serve, but to retain in those regions the population already there. It will be seen that in the majority of these cases several miles have already been graded. The work already done and to be executed, I will be able to state when we go into Committee.