

Hon. Mr. HAYDEN: The minister said he would deal with that. He wanted some time to consider it, but the idea was that it would still be time enough when the budget comes down.

Hon. Mr. VIEN: Could not you drop the words, "shall be included in computing his income"?

Hon. Mr. HAYDEN: I don't think you could do that.

Mr. GAUSIE: You would have to have some rules. The difficulty about adding regulations is that primarily the years to which this income should be related should be in the statute. If you make a regulation immediately you have the question of interest, and there are several other questions involved. That is why I think the minister suggested he would consider it and come up with something that would be applicable, and make it retroactive.

Hon. Mr. HAYDEN: To avoid the question of interest.

The CHAIRMAN: I think the danger is, if you related that back to the years in which the depreciation was accumulated, you would automatically incur interest charges for the same period.

Hon. Mr. HAYDEN: I raised this question earlier, and I am perfectly satisfied with the minister's statement that he will give consideration to it. He knows what the problem is, and I think we will get some relief.

Hon. Mr. ROBERTSON: I might say that I asked him for his instructions just before he left the meeting, and he said that the point that we brought up in this regard, and as to real estate generally, he would give very serious consideration to.

Hon. Mr. MORAUD: When? Now?

Hon. Mr. ROBERTSON: No, next session.

Hon. Mr. NICOL: I made a motion this morning. I would beg leave to withdraw my motion at the present time.

The CHAIRMAN: Thank you, senator. Shall subsection (1) carry? Carried. Now, subsection (2).

Hon. Mr. HAYDEN: I wanted to ask a question on subsection (2). If you have a series of transactions, a series of sales of property, and in one of those sales only the parties were not at arm's length in accordance with the statute, then when you got down to about the fourth purchaser, and the one who was not at arm's length was about the second one, how is that going to affect the value for depreciation purposes in the case of the last man in the line?

Mr. GAUSIE: This rule would only apply as between the two people that were not at arm's length. When it passes out of the hands of the recipient not at arm's length, then it is in the open again.

Hon. Mr. HAYDEN: Then the subsequent purchaser for whatever the cost was, without being a party to or having knowledge of the fact that the earlier relationship of vendor and purchaser at that time was not at arm's length, would not be affected at all?

Mr. GAUSIE: No.

Subsection (2) was agreed to.

The CHAIRMAN: Subsection (3) defines "depreciable property of a taxpayer" "disposition of property", "proceeds of disposition", "total depreciation allowed to a taxpayer", and also defines "undepreciated capital cost to a taxpayer of depreciable property."

Hon. Mr. HAYDEN: I want to ask a question under subsection (3) and also (c), (iii). It has to do with where property was fully insured and totally destroyed. My understanding in discussing the matter with Mr. Gausie is that, in taking accounts at the end of the year in those circumstances, if