

Income Tax

gas or related hydrocarbons or metal or industrial minerals to another person referred to in any of those paragraphs, those persons shall be deemed to be the same person."

The purpose of this rule is to ensure consistent treatment, whether the resource is marketed by a government agency at a mark-up, or by the taxpayer subject to government royalty. In each case the revenue from the resource which is taken as mark-up or royalty will be included in the tax basis. In order to achieve this objective, where the government marketing agency is involved the taxpayer is deemed to have sold petroleum or a mineral product at fair market value.

Mr. Hamilton (Qu'Appelle-Moose Mountain): I have a simple question for the minister. Has Clause 37, and the amendment to it which the minister has just moved, any connection with clauses 4 and 7 which are controversial, and which we are standing?

Mr. Turner (Ottawa-Carleton): Yes, it determines fair market value for the purpose of the deductibility or non-deductibility of a royalty. So it does relate.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Is it understood then that we will be standing this clause after discussing the amendments?

Mr. Turner (Ottawa-Carleton): Yes, if that is the wish of the committee at this stage.

The Deputy Chairman: Is it the wish of the committee that Clause 37, and the amendment thereto, be stood?

Some hon. Members: Agreed.

Mr. Symes: Mr. Chairman, I should like some clarification on a small point. I wonder if there is a typing error in the amendment. In the second to the last line of (9) we find the words "to" and "by". I wonder if those two words have been inadvertently reversed by the typist. Should that phrase not read "payable by the taxpayer to that person"?

Mr. Turner (Ottawa-Carleton): We will look at that when it is stood.

The Deputy Chairman: It is agreed that Clause 37, and the amendment thereto, stand.

Clause 37 stood.

On Clause 38.

Mr. Turner (Ottawa-Carleton): Mr. Chairman, we have a technical amendment to Clause 38 which I would like to move, as follows:

That clause 38 of Bill C-49 be amended

(a) by striking out lines 31 to 33 on page 84 and substituting the following:

"inventory of a business or a property described in any of paragraphs 59(2) (a) to (e)."

(b) by striking out lines 37 to 42 on page 85 and substituting the following:

"owned by him or deemed to have been owned by him on December 31, 1971, and thereafter without interruption, that was a property referred to in subsection 59(3) or (3.1) and shall be deemed to have"

[Mr. Turner (Ottawa-Carleton).]

(c) by striking out lines 3 to 6 on page 86 and substituting the following:

"amount included, by virtue of subsection 59(1.1) or paragraph 59(3.1) (a), in computing the amount referred to in subparagraph 66.2(5) (b) (v) from property in"

(d) by striking out lines 20 to 22 on page 86 and substituting the following:

"property referred to in any of paragraphs 59(2) (a) to (e) has, on or after the death of the"

(e) by striking out line 53 on page 86 and substituting the following:

"66.2(5) (b) (v), as the case may be, in"

and

(f) by striking out lines 1 and 2 on page 87 and substituting the following:

"subsection 59(1), (1.1), (3) or (3.1), as the case may"

● (2030)

This is a series of technical amendments primarily to correct previous incorrect references to other sections.

The Deputy Chairman: Shall the amendment to clause 38 carry?

Some hon. Members: Agreed.

Amendment agreed to.

The Deputy Chairman: Shall clause 38, as amended, carry?

Mr. Munro (Esquimalt-Saanich): I rise on a point of order, Mr. Chairman. The point was made this afternoon about trying to follow amendments as they are introduced, and it was suggested in this connection that the page number be read first rather than the line number. This is a small point, but when one is going through a document of this thickness and learns that there is going to be a change on line 17, and then finds it is on page 86, which may be four or five pages past where the last amendment was made, it is very difficult. It would simplify matters, I suggest, if the page numbers were read first and the line number after that. Then we could follow it much more easily.

Mr. Turner (Ottawa-Carleton): We will try to accommodate the hon. member. I might say that the amendments were all tabled, and if the hon. member really wants to follow them he can get a copy from the Chair.

Mr. Hargrave: Mr. Chairman, I would like to make a comment on clause 38(7) at pages 89 and 90. This clause deals principally with the intergenerational transfer of farm land from an individual farmer to his children. It has nothing to say about the subject which I think a good many farmers in Canada are keenly interested in, and that is why this same intergenerational transfer could not apply to incorporated family farms and farm partnerships. If it is in order I should like to make a few comments on that.

First of all I want to say that I think family farm partnerships and corporations should be entitled to this roll-over provision. There are two other provisions included within the same clause, and they are the provision for five year averaging and the provision for principal resident exemption under the capital gains tax provisions. Those three items as they relate to the family farm corpo-