

profits of its factories in the United States and when these profits are returned to the parent company in Canada the company is again taxed by the Canadian Government. I think it is hardly fair to have to pay such a tax.

Mr. LEMIEUX: Why cannot the minister devise a scheme to avoid this inequality? Because it is a clear injustice that a man should be compelled to pay a tax in the United States and in Canada.

Mr. A. K. MACLEAN: Do you mean income tax?

Mr. LEMIEUX: Yes, income tax.

Mr. LALOR: I am speaking of the Business Profits Tax.

Mr. LEMIEUX: I am speaking of the income tax.

The CHAIRMAN: The Business Profits War Tax Resolution was adopted some time ago, and the discussion is now on the Income War Tax Act. It would be more regular, I think, for the hon. gentleman, when we have disposed of this matter, to move to reconsider the one to which he has reference.

Mr. LALOR: I merely draw the attention of the Acting Minister of Finance to this matter so that he may give it consideration.

Sir HERBERT AMES: I would ask the minister whether any action or decision has been arrived at with respect to farming and ranching companies? I want to know whether a farmer who has raised one hundred thousand bushels of grain and sold them for \$2 a bushel comes under the Business Profits Tax, and whether a rancher who raises \$250,000 on horses and sells them to the Remount Commission comes under the same tax? Has the Government considered whether these industries should be rightly brought under the Business Profits Tax, or left subject only to Income Tax?

Mr. A. K. MACLEAN: I can only say it is not proposed to make these industries liable to the Business Profits Tax.

Sir HERBERT AMES: What justification is there for that?

Mr. A. K. MACLEAN: For the reason that in the cases mentioned, I am told, it is unlikely that the amount of capital employed would be such as to make them liable to the tax, and for other reasons.

[Mr. Lalor.]

Sir HERBERT AMES: Are they not businesses just the same as any others that are made subject to the tax?

Mr. A. K. MACLEAN: It was the policy of the Government which introduced this Bill not to make the Acts applicable to them. It would affect only a small class in Canada—

Sir HERBERT AMES: Why should that be a favoured class?

Mr. A. K. MACLEAN:—and the administrative cost would be so high as to make it not a profitable source of revenue.

Mr. JACOBS: I would like to point out the disparity which exists between the income tax in Great Britain and that which is proposed to levy under this new Act. I had occasion to look the matter up yesterday, and I find that for the present year the tax is six shillings in the pound on income. That is to say a person with an income of \$10,000 would be paying almost one-third of that into the treasury. Now there is a wide difference between paying \$392 a year, and paying nearly \$3,000 a year on the same income. We have only increased this tax from \$380 last year to \$392 this year, a difference of \$12 per annum. Of course we have started at \$2,000 instead of \$3,000, but we are only paying \$12 more than we paid last year on income. I am talking of an income of \$10,000.

Mr. A. K. MACLEAN: It was \$360 last year.

Mr. JACOBS: We paid \$360 last year?

Mr. A. K. MACLEAN: Yes.

Mr. JACOBS: But now we are paying on from \$2,000 up.

Mr. A. K. MACLEAN: And \$392 will be payable under the Act when amended as proposed.

Mr. JACOBS: That may be, but we start from \$2,000 instead of \$3,000, so we really only have raised the tax \$12.

Mr. A. K. MACLEAN: No, \$32.

Mr. JACOBS: Very well then, \$32, but we have started from \$2,000.

Mr. A. K. MACLEAN: It does not matter where we have started from.

Mr. JACOBS: We will not quarrel on a matter of \$20 a year. We are paying \$32 more than we did last year, and our expenditure for war purposes has gone up something like \$500,000,000. It does seem to me that a man who has an income of