

levy. In the latter case I understand that an amount of 10 per cent of the federal tax may alone be deducted even though the taxpayer would have to pay twice that amount under provincial tax legislation. Is that the fact?

Hon. Mr. Connolly (Ottawa West): That is right.

Hon. Mr. Bouffard: May I ask a further question? Is there anything in the bill relating to pensions that may be purchased by self-employed people such as lawyers, doctors and other professional men, the cost of which may be deducted from income for tax purposes?

Hon. Mr. Connolly (Ottawa West): No, there is nothing in the bill with reference to pension payments made by self-employed persons such as professional people or small businessmen. That is a matter of the financial policy of the Government. I think there is great need for such a provision. That question was discussed at great length in the other place, and I understand the Minister said he was giving the matter consideration.

Hon. Mr. Hugessen: Honourable senators, arising out of the question asked by the senator from Grandville (Hon. Mr. Bouffard), it is interesting to note that I think for the first time action has been taken by the British Government in this respect. The Chancellor of the Exchequer, in his recent budget, introduced proposals for allowances for pensions purchased by self-employed people. I think it would be well if the Government would take note of what has been done and see whether next year the provisions brought in in the British budget could not be made applicable under similar circumstances in this country.

Hon. Mr. Bouffard: I quite agree with that suggestion.

Hon. W. D. Euler: Honourable senators, when explaining this bill the senator from Ottawa West (Hon. Mr. Connolly) said he found it difficult to discern some principle in the bill upon which he could reasonably discuss its overall significance. I have some sympathy with him when I discover there does not seem to be any particular principle running through the various clauses.

The bill contains some provisions of which I do not approve. I am not going into detail, because ordinarily the clauses should come under discussion more particularly in committee, and I presume this bill will be referred to committee. But I wish to make reference to one or two clauses. One of them makes a very fine gesture by providing that a farmer who has both a farm and a son may sell the farm to his son at a depreciated value. Is that correct?

Hon. Mr. Connolly (Ottawa West): That is not right.

Hon. Mr. Euler: Well, it seems to me that is the most extreme sort of class legislation. I can see why a man might want to sell his property to his son at less than its real value; he might even want to give it to him as a gift. I can quite understand that fatherly feeling, but why in the world should the right to exercise it be allowed to farmers only? If I happen to have a son and a business—be it a grocery store, a bookstore or any other business—and I want to sell it to my son at a depreciated figure, why should I not have the same privilege as the farmer and his son are given under this amendment? This clause seems to me to be truly lacking in the right principle.

Then the honourable senator from Ottawa West described the consideration to be given to people who attend conventions: they will be allowed to deduct from their taxable income the expense of attending conventions, if they have vouchers, which they can get very easily. Does that arrangement also apply to an investor, to a person who happens to own stock in a company and who attends the company's annual meeting?

Hon. Mr. Hayden: That is not a convention.

Hon. Mr. Euler: But the amendment that seems to be the most inexcusable is this one: that if the income tax paid to a province by a corporation exceeds 9 per cent of taxable income—I think I am right—the excess may be deducted from the taxable income but not from the tax. But that excess of 9 per cent was taxation that was paid, so why should the corporation not be allowed to deduct the excess from the taxes instead of from the taxable income? In my opinion that is an indefensible case of double taxation.

That is all I have to say. I am not often very critical of this Government, but I have seldom seen a piece of legislation in which there are so many indefensible clauses on principle.

Hon. Mr. Hayden: Did I understand the honourable senator from Ottawa West to say that a corporation carrying on a business in a province which has a corporation income tax may deduct from the tax which it pays to the federal authority an amount equal to 9 per cent of the tax which it pays the provincial authorities?

Hon. Mr. Connolly (Ottawa West): No, that is not what I said. What I said was that a corporation will pay to the federal Government not the federal rate, but 9 percentage points less than the federal rate, and then it will pay to the province 9 per cent of its taxable income, if it levies that much, or less