

the House, I should like to move, seconded by Sir Thomas White:

That Mr. Nickle and Mr. Nesbitt be added to the committee appointed on the 14th inst., to consider and report upon the rates of pension and matters connected therewith.

Motion agreed to.

At six o'clock the House took recess.

The House resumed at eight o'clock.

PRIVATE BILLS.

CONSIDERED IN COMMITTEE.

The House in Committee on Private Bills, Mr. Rhodes in the Chair.

Bill No. 29, respecting certain patents of the Pedlar People, Ltd.—Mr. Smith—in committee.

Mr. NESBITT: I have no desire to delay this Bill, but the other evening it was left over so that some one could tell us the reason for this application.

Mr. SMITH: About two years ago the head of the Pedlar People died very suddenly, and this patent expired about that time. They are now asking a renewal of the patent. Mr. O'Halloran, the deputy minister, appeared before the Private Bills Committee and said that all conditions had been complied with, and that he agreed that the Bill should go through. The patent is on an improvement in connection with metal shingles manufactured by the Pedlar People. No one will be injured by the passing of the legislation.

Bill reported.

SECOND READINGS.

Bill No. 62, respecting a certain patent of Harvey Hubbell, Incorporated.—Mr. Cockshutt.

Bill No. 63, for the relief of Mary Phyllis Lasher.—Mr. Nickle.

Bill No. 64, for the relief of Mabel Mills.—Mr. Douglas.

TAXATION OF PROFITS.

The House resumed on the proposed resolution of Sir Thomas White (Minister of Finance) respecting the taxation of excess profits, in Committee of Ways and Means, M. Rhodes in the Chair.

On paragraph 5, sub-paragraph 5:

(5) In the case of any contract extending beyond one accounting period from the date of its commencement to the completion thereof and only partially performed in any accounting period there shall (unless the minister, owing

[Sir Robert Borden.]

to any special circumstances, otherwise directs) be attributed to each of the accounting periods in which such contract was partially performed, such proportion of the entire profits or estimated profits in respect of the complete performance of the contract as shall be properly attributable to such accounting periods respectively, having regard to the extent to which the contract was performed in such periods.

Mr. NESBITT: Would the minister tell us just what he means by that?

Sir THOMAS WHITE: Suppose that a company has a valuable contract from which it would derive large profits, and that in order to evade taxation it should determine not to take those profits during the accounting periods within the period over which this legislation extends, but to take them after the expiration of that period, this provision is for the purpose of defeating any such action. Let us assume, for instance, that a firm manufacturing munitions or furnishing supplies should, during the last accounting period in which it would be liable, and during the period of this legislation, be entitled to take substantial profits from its contracts, but refrained from doing so for a few months, or until the next accounting period to which this Act would not apply, say in 1918, the department would have the power to say to it: "Take the profits that you are entitled to from your contracts during this accounting period."

Mr. NESBITT: I quite understand what the minister wants to get at, but I can hardly appreciate how a company would so manage its business that it would not take account of a contract executed.

Sir THOMAS WHITE: Only to evade the Act.

Mr. NESBITT: Then, it would be proper for you to get after it. A company making war munitions, or shells, or a company working on a contract, that did not have the whole of its raw material in stock, might make a loss at the latter end of its contract by reason of the price of raw material advancing very greatly. The price of woollen goods has gone up so rapidly during the last year that there is no telling from week to week what the price of wool will be. If this tax, at the end of 1917, should apply to companies or firms handling these things, and if raw material should have so advanced that they would not make a profit at the other end at all, it would not be equitable to charge them with the unearned portion of the contract. If the minister only intends to charge them