

been made. This year the words of the minister were that "very real consideration" was being given to the question. Previously it was only "consideration". Now we are advised that it is "under active consideration" between him and the Department of National Revenue. The purpose of my rising at this moment is to suggest that more than consideration be given. Active consideration is not sufficient, because not only is hardship being inflicted upon those who are selling their herds at this time, or are anxious to sell them, but a very real injustice is being inflicted on those people.

Instances have been given in the past of sales which have been made and in which injustices have resulted, or of sales that otherwise would have been made but which have been held up because of the hardship which would follow, inasmuch as the proceeds would be regarded as subject to income tax in the one year in which the sale was made. Canadian people, such as the citizens whom I have in mind, who have made a real contribution to the development of this country, who have built up their industry over a period of from forty to fifty years and are now anxious to retire or to pay off debts and have enough left for their livelihood, are prevented from doing that because of what I may call, without exaggerating, inertia on the part of the government; and I think it is my duty as a member to bring this matter forcibly to the attention of the house. While in a sense I feel that I should apologize for taking the time of the house, nevertheless I feel that I would be neglecting my duty if I did not take these few minutes to impress upon the government once again, as I gave notice during the budget debate that I would do, the real urgency of this question.

I am going to give just two more examples of how this failure to recognize a breeding or basic herd as capital works injustice upon our people. I know of the case of a man who in 1943, because of a shortage of feed owing to an unexpectedly severe winter, was forced to sell approximately half his herd, which otherwise he would not have sold because it was a continuing operation. Having sold those cattle in 1943, when he made his return in 1944 he found himself required to pay income tax on the proceeds, though he had intended to keep those proceeds over the winter and reinvest them next year in buying back the animals he had not been able to carry through the winter. In other words, he was realizing on his capital intending to reinvest it the next spring and summer, but was forced to pay income tax on those pro-

[Mr. Fulton.]

ceeds at the very high rate then prevailing. So the following year he was simply unable to make the reinvestment which otherwise he would have been able and had expected to make. That is the first example of what happened because of the failure to decide whether or not breeding herds are, in fact, capital.

The other case came to my knowledge just last evening, in the form of a letter I received from a solicitor in my constituency, who brought to my attention the case of an estate in the vicinity of Ashcroft. This was the case of an old pioneer rancher in that district who, being taken ill during 1945, was unable to carry on his ranching operations. So he and his family sold his herd, realizing \$5,487 through the sale. As I say, that was in 1945. Toward the end of that year the rancher died and his executors set up these whole proceeds in the capital assets of the estate. I would ask the house and the minister to bear in mind that these proceeds were reckoned to be part of the capital value of that estate for succession duty purposes. I think I should continue by reading the letter, since it sets forth the circumstances clearly:

A short time ago the son of this rancher came in about a claim by the income tax department for some \$450 which they claimed to be still due, and I wrote to the income tax department asking them if in view of the fact that this was the sale of the whole band of cattle caused by the fact that the testator was unable to continue operations owing to his illness . . . that the department would use the discretion which the Minister of National Revenue had stated they made a practice of doing in cases of this kind, and not tax the whole amount as the income of one year.

Then, if I may make the request, I want the house to listen carefully to the next paragraph:

The inspector of taxation wrote back and said that he did not feel disposed to open up the file in this matter and asked for payment in full immediately. He also claimed a penalty of \$48.62 for late filing.

The letter continues:

Now the widow in this case was seventy-eight years old and lives quite a number of miles to the east of the 70 Mile Post.

It then continues with some of the local geography in question, and indicates that this lady could not obtain expert advice as to how to market her cattle so as to avoid liability for income tax, and then concludes:

The result was that she was assessed the sum of \$972.34 which, together with the penalty, amounted to \$1,021 or one-fifth of her total capital after disposing of these assets.

There, it seems to me, is a clear example of how this indecision results in hardship to