

Hon. Mr. MURDOCK: Honourable senators, I understand that we are now due in committee. Would there be any objection to this measure being printed and dealt with tomorrow?

Hon. Mr. BALLANTYNE: It certainly will not take very long.

Hon. Mr. ROBERTSON: Honourable senators, as there is some question about these amendments, I intend to move at the appropriate time that they be not now concurred in but be committed to the Committee of the Whole, to be dealt with presently.

Hon. Mr. McGEER: If the bill is to be dealt with clause by clause in Committee of the Whole, the amendments should be printed.

Hon. Mr. ROBERTSON: Honourable senators, this same question arose as to the amendments to the Foreign Exchange Control Bill. Honourable senators have a right to ask that the amendments be printed, but I would ask that they be dealt with now. They are short, and can be read carefully and discussed at this time. The amendments, if passed in their present form, will undoubtedly require some consideration in the other place. It is desirable, therefore, that we consider them now in Committee of the Whole.

Hon. Mr. MURDOCK: All I can say is that we are dealing with something we have not got before us. If the Senate of Canada is to continue doing that kind of thing, my vote will not change.

AMENDMENTS CONSIDERED IN COMMITTEE

On motion of Honourable Mr. Robertson the Senate went into Committee on the amendments.

Hon. Mr. Sinclair in the Chair.

On amendment 1—

The CHAIRMAN: Honourable senators, this amendment reads as follows:

Page 19, after line 24: Add the following as subclause (3) to new clause 7A:

"(3) Any insurance company, liable under this, or any other act, for full tax on its profits, including interest on investments, may deduct from such tax the amount of tax on premium paid, or payable."

Hon. WISHART McL. ROBERTSON: Honourable senators, considerable discussion has arisen concerning this particular amendment which deals with the 2 per cent tax on premium income and the income tax payable by all Canadian insurance companies. The subject will be discussed by the proponents of the amendment and others more capable than I. It is my understanding that at the present time the premium tax is regarded as an

expense of doing business, and that the companies in making up their income tax returns treat it as such. The proposed amendment contemplates that the 2 per cent tax will not be considered as an expense of doing business, but will be deducted from the amount of income tax paid.

Apparently under our tax structure there is no final authority as to fairness or equity in the very complicated question of taxation. I have not the slightest doubt that inequities do occur, but I would point out that the adoption of this amendment would mean a very serious reduction in the revenues of this country as contemplated under the Budget. It is estimated that the sum involved would be \$700,000.

It is true, honourable senators, that the amount involved is unimportant if the principle of the bill is wrong; but I think I am reflecting the viewpoint of the Acting Minister of Finance and of the government when I say that the various phases of discrimination in taxation will soon be under consideration again. Even if there were some merit to the amendment, it throws out the whole of the government's calculations in relation to the financial proposals which have been placed before us. Admittedly, this amendment is not a solution of the problem of discrimination, and I think it is exceedingly undesirable at this time.

Hon. W. D. EULER: Honourable senators, I hesitate to rise on this subject because I already have spoken on it twice in this chamber, and at some considerable length in the Committee on Banking and Commerce. Perhaps I should review the subject for the benefit of those who are not members of the Banking and Commerce Committee or who may not have heard my remarks on the two previous occasions.

At the outset I must make a slight correction in what the honourable leader said a moment ago. He stated that it is proposed now to deduct from income tax the amount of the premium tax, and that the premium tax could not be regarded as an expense of doing business. The premium tax has always been regarded as an expense of doing business, and continues to be so regarded.

This bill does not affect all insurance companies. It does not touch the life insurance companies in any respect whatsoever. In explaining the purpose of the amendment, I may say that while another senator actually moved the amendment, I was its instigator. The honourable leader has said that there have been in the past, and are at the present time, two taxes—the tax on prem-