

Hon. Mr. McLEAN: Yes, I think the tax should be on where the money is going out of the country.

Hon. Mr. LAMBERT: If you had a Canadian company and the stock was owned in Great Britain or the United States, whether it was a main company or not, the imposition of 15 per cent or more would be the same as if it was a branch. The point you made about a branch company would apply to the parent company?

Hon. Mr. CAMPBELL: Yes, but you must distinguish between individual shareholders and corporation shareholders of wholly owned subsidiaries.

Hon. Mr. McLEAN: I think in Canada it is hardly practical because there are so many companies set up for bookkeeping purposes. If there was a tax problem they would amalgamate with the parent company.

Hon. Mr. VIEN: Senator Campbell, why should there be a difference between the tax charged and the dividends paid either to parent companies or wholly owned subsidiary shareholders? For instance, a company is incorporated with a capital of \$100,000 and declares a dividend of 5 per cent or 10 per cent. Whether the dividends are paid to the parent company or to individual shareholders in the United States, what is the difference?

Hon. Mr. CAMPBELL: There is a difference.

Hon. Mr. VIEN: Why should there be a difference in the treatment of the tax charged on dividends, whether to the parent company or to the shareholder?

Hon. Mr. BENCH: In reply to a point raised by Senator Vien, is there not a reciprocal arrangement exempting from duplicate taxes these individual shareholders? I understand the result is that individual shareholders pay only one tax.

Hon. Mr. HAIG: Mr. Chairman, I suggest Mr. Stikeman ask some questions of Senator McLean.

Mr. STIKEMAN: I would like to ask Senator McLean whether he would give every worker a specific additional exemption which would measure his overtime, or in what manner he would propose to exempt overtime.

Hon. Mr. McLEAN: I should think there should be a base week; there should be a flat tax based on a week of forty-four hours, forty-eight hours, or whatever you want to make it. Then if a man wants to work sixty hours, seventy hours, or seventy-five hours his work beyond the base week would not be taxable.

Mr. STIKEMAN: You would not tax him on that portion?

Hon. Mr. McLEAN: No tax whatever.

Mr. STIKEMAN: How far up the working scale would you go? Would you apply that theory to salaried people?

Hon. Mr. McLEAN: Well, most provinces have a base week for labour. I did not go into the salaried scale; I am talking about labour.

Hon. Mr. CRERAR: Will you apply that to Cabinet Ministers?

Hon. Mr. McLEAN: They can look after themselves.

Mr. STIKEMAN: Would you apply that to piece workers?

Hon. Mr. McLEAN: Piece workers practically get the same rates. I would apply it to these workers if they were put on a base week, and they wanted to work overtime.

Mr. STIKEMAN: How would you measure their overtime?

Hon. Mr. McLEAN: They would be governed by the base week.

Mr. STIKEMAN: The base week might vary from province to province?