

On section 1, subsection 1, paragraph e—definitions:

Hon. Sir JAMES LOUGHEED: On referring to new section 4 of this Bill, the honourable gentlemen will observe that there is enumerated what the tax is to be. The paragraphs from a to f are the same as the Act of last session. Paragraph g changes, and from g to m the paragraphs make provision for the supertax. That is to say, we not only re-enact the supertax of last session but we make provision for the supertax on the larger incomes for which provision was not made last session, and this will be found in the paragraphs from g to m.

Hon. Mr. BOSTOCK: We had a supertax in the Bill of last session.

Hon. Sir JAMES LOUGHEED: Yes.

Hon. Mr. BOSTOCK: If I understand the matter rightly, the supertax is the same down to paragraph f.

Hon. Sir JAMES LOUGHEED: Yes.

Hon. Mr. BOSTOCK: Then, from paragraph g to m it is an increase?

Hon. Sir JAMES LOUGHEED: That is new.

Hon. Mr. BOSTOCK: It is not altogether new. There was a supertax on these amounts, but it was not as high as it is now.

Hon. Sir JAMES LOUGHEED: There is an increase on the supertax all the way through, and particularly on the larger incomes from g down to m.

Hon. Mr. BOSTOCK: I was going to ask my honourable friend if the Government have arrived at any decision on this question of double taxation of incomes. Have they taken that matter up during the recess? My honourable friend may remember that, when this Bill was before the House last year, the question was raised about the double tax on incomes, and it was pointed out that in a number of cases it was a hardship on a man who had an income derived from the United States, on which he was paying income tax there, to have to pay an income tax in Canada. The same thing applies to incomes derived from England by persons living in Canada. The question is a very nice one, and I presume will require a great deal of negotiation and arrangement. In the United States, I notice, the Federal Government are apparently attempting to deal with that, and in making their further taxation of last

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year they omitted to increase the tax on incomes derived outside the country. So far I know, there has been nothing done here with regard to such incomes.

Hon. Sir JAMES LOUGHEED: At the present time the Government is imposing a tax on incomes in Canada, entirely irrespective of whether or not those incomes may pay a tax elsewhere. As honourable gentlemen can very well understand, if consideration were given to this, and we gave recognition, say, to the payment of a double or treble tax on incomes, we would find ourselves confronted by the provinces, by the municipalities in Canada, and by foreign countries, so that there would be very little realizable from the tax if we gave recognition to that principle. But I may say that the question is engaging the attention of the Government, and it is expected that an international conference will take place, so that the matter will be discussed between this Government and foreign governments, particularly those of our Allies at the present time.

Hon. Mr. DANDURAND: Does the Canadian Government claim the right to tax the income of an American citizen who resides in Canada, and who has property in Canada and property in the United States? Does the Canadian Government claim a tax upon an income derived from his property in the United States?

Hon. Sir JAMES LOUGHEED: Yes, if he is resident in Canada. The question of residence determines the matter. If he resides in Canada, no matter whence his income is derivable, we claim the right to tax that income on the ground of his residence.

Hon. Mr. DANDURAND: Then he pays a double tax. He pays in the United States for what he holds there, and he pays in Canada because he happens to reside here?

Hon. Sir JAMES LOUGHEED: Yes.

Hon. W. B. ROSS: I may say that that has happened lately. We are paying income taxes in foreign countries and in British colonies, and after the income gets here, it is subject to income tax here also. I would like to see the Imperial Conference regulate this matter, at least between the mother country and the colonies, and then between the colonies themselves. Probably the entire question will have to stand over until the close of the war. In the meantime, there are some extraordinary things going on. One company in Trinidad in which I