

procedure required by the Bankruptcy Act is that the taxpayer will furnish the information on his return on which the assessment is to be based. The obligation we are imposing on the trustee in bankruptcy to furnish that return is just the same obligation that is imposed on all taxpayers, and as he takes over from the debtor it seems reasonable that he should be the man to furnish that return. He has the books and the material before him, and can easily prepare the necessary returns or advise us that there was no profit and no tax should be assessed.

Hon. Mr. McGUIRE: But you change his character altogether. The trustee is dealing only with the assets in his hands that come to him under the operation of the act; you are making him the same as the man who became bankrupt; you are giving him another character, that of debtor to the government, and requiring him to carry on as such. You have the right to pursue the debtor as an individual as long as you wish. The trustee is dealing only with the property that he received from the debtor; he should not be himself made a debtor. The next thing, you would be asking him the year after he got a court order releasing him, to make a report to your department. He is not the same as an ordinary debtor; he is just a man who has received certain assets to dispose of.

Mr. McENTYRE: But he has received the books and he takes over the assets subject to secured claims.

Hon. Mr. McGUIRE: He has received the books for a time, only until he has disposed of these assets and got an order saying he is through.

Mr. McENTYRE: As I understand it, from conversations with trustees in bankruptcy, in the old days they prepared these returns. It was only in fairly recent years that they were instructed that the expense of preparing the returns was not a proper charge on the creditors of the estate, and that they should not prepare these returns and charge a fee for doing so. If the debtor on the day before his bankruptcy had engaged an accountant to prepare his income tax returns and has spent considerable money doing so I do not think there would be any fault to be found in his having spent the money in that fashion. Then, why on the day following the bankruptcy should the trustee in bankruptcy not be permitted to incur the necessary expense and spend his time in the preparation of these forms?

Hon. Mr. McGUIRE: He does it in practice, does he not?

Mr. McENTYRE: No, in the great majority of cases, if there is any great amount involved, the trustee will not prepare the income tax returns, because he says that he cannot afford to do that as he is not entitled a fee for doing so.

The ACTING CHAIRMAN: How have you dealt with such matters during the past few years?

Mr. McENTYRE: It has been rather unsatisfactory. In some cases the trustee will file returns; in other cases he will advise us that he has looked at the books and finds that there was very little profit made the year before, or that the assets of the estate will not be sufficient to provide anything for income tax, and we accept his word on that. Then, if there is something involved we have to send our assessors to look at the books and make a return themselves.

The ACTING CHAIRMAN: You always have that privilege?

Mr. McENTYRE: Oh, yes.

Hon. Mr. McGUIRE: You can also get an order of the court under this section as it stands.

Hon. Mr. ASELTINE: What is the difference between the liability to file an income tax return on the part of a trustee of a deceased person and a trustee in bankruptcy?

Mr. REILLEY: They are in the same position.