

Dr. EATON: The depreciation is amortizing the capital cost. In certain cases under subsection (a) depletion allowances were on a unit basis. That is, if you get a value placed on that ore body or bedded deposit, or whatever it is, and as it is extracted the deduction is allowed of a proportionate part of that original capital cost. It is amortizing that capital cost and amortizing it over the length of life of the property. So you have two directions in which you are recovering the capital cost.

Hon. Mr. HAYDEN: Have you had any representation from mining companies for or against this particular formula?

Dr. EATON: No.

The CHAIRMAN: Carried.

Hon. Mr. NICOL: Now I think we are through with these two sections and I suppose Mr. Gavsie will have the responsibility of carrying them out.

Mr. GAVSIE: No, the Governor in Council, senator. I just happen to be the "front man" for today.

Hon. Mr. NICOL: Can you tell me how much more you will collect under these amended two sections?

Mr. GAVSIE: I cannot tell you. We anticipate that if anything the taxpayer will get more rather than less allowance, so that presumably we will collect less. There is certainly no intention to pick up any more revenue. It is to make a simpler system.

Hon. Mr. NICOL: I withdraw my motion to throw out these sections, because of the explanations you made and the promise given by the minister.

Mr. GAVSIE: Thank you. In dealing with that part: as the questions came up I began to take with a grain of salt the statement made earlier, that the senators did not understand the section, because the questions indicated that they understood it as well as if not better than we understand it.

Hon. Mr. HAYDEN: I hope that persists.

On section 9—payments by employer to employee.

The CHAIRMAN: This is an amendment to provide for a new section of the Income Tax Act, No. 24A.

Hon. Mr. HAYDEN: This is where, for instance, a hockey player gets a bonus for signing a professional contract: the bonus would be taxable income under this amendment?

Mr. GAVSIE: That could be.

Hon. Mr. CAMPBELL: This was contained in the resolutions earlier in the year.

Mr. GAVSIE: Yes.

The section was agreed to.

On Section 10: computation of taxable income.

Hon. Mr. HAYDEN: I don't think we need spend much time on that, except to suggest that it might be increased.

The section was agreed to.

On section 11—medical expenses.

Hon. Mr. CAMPBELL: That just enables people to take it in any twelve-month period rather than the calendar year?

Mr. GAVSIE: That is correct, sir.

The CHAIRMAN: As to subsection (5), that is extending the limit to five years?

Mr. GAVSIE: Correct.