

Mr. ILSLEY: I had not anticipated doing that. The sections are all referred to. It would be difficult, I think, to arrange them in parallel columns.

Mr. HANSON (York-Sunbury): That may be good enough.

Mr. ILSLEY: I wish to add, however, that these tentative arrangements will be subject to further study before the budget is brought down.

The following proposals for amendments to the act are given in the order in which the respective sections are at present found in the act:

1. Proposal. That the definition of standard period, and also of standard profits, be amended to require the taxpayer to apportion to the four calendar years 1936, 1937, 1938 and 1939 the profits of their corresponding fiscal periods which do not coincide with the calendar year. The apportionment must be on an equal daily basis.

Explanation. Following representations received on the subject of the standard period the government has decided in the interests of the equality of treatment of taxpayers that the standard period shall in all cases be the profits earned or deemed to have been earned from January 1, 1936, to December 31, 1939, inclusive.

2. Proposal. That the definition of standard period, and also of standard profits, be amended to allow standard profits to be computed from the time of actual commencement of business rather than from the legal date of commencement of business, the date of actual commencement to be determined by the minister in his discretion in the light of the circumstances of the particular taxpayer.

Explanation. It was found in some cases that actual business operations did not commence until a considerable time after the incorporation of the company and it seemed reasonable in determining standard profits that the act should not take this into consideration.

3. Proposal. That the definition of standard period be amended to give the taxpayer the choice of his three best years if the profits of his fourth standard year were less than fifty per centum of the average of the profits of the other standard years.

In the case of taxpayers who have been in business only three out of the four standard years and the profits of one of the three years were below fifty per centum of the average of the other two years the proposed amendment will allow them to use the profits of the two best years in computing their standard.

Explanation. It is the experience of the department that a considerable number of tax-

payers were claiming relief because one of their four standard years was unusually depressed. The provision of the Canadian act which defines the standard period is more severe than that of the British act because it allows no option. Under our act the relief to a taxpayer in such a case can be obtained only by appealing to the board of referees. It became apparent that a speedier and more satisfactory administration could be achieved by allowing taxpayers to choose their three best years if their fourth year or remaining year was so poor that the profits of that year were less than half of the average of the other three years.

The house will observe that this affords some relief in difficult cases but is not a measure which affords relief to the general run of taxpayers for whom the average of the four years is a reasonable standard.

Tentative Amendment. A rewording of paragraph (h) of subsection 1 of section 2 of the act along the following lines would give effect to the above proposals:

2. 1 (h) "standard period" means the period comprising the calendar years one thousand nine hundred and thirty-six to one thousand nine hundred and thirty-nine, both inclusive, including portions of fiscal periods therein, or such years or fiscal periods or portions thereof since January first, one thousand nine hundred and thirty-six, during which the taxpayer was in business;

Provided that where the profits of a taxpayer in any one calendar year were less than fifty per centum of the average of the profits of the other three or two calendar years as the case may be in the standard period the taxpayer may designate as his standard period the remaining three or two most profitable calendar years during the standard period, and

Provided further that if the date of legal commencement precedes the date of actual commencement of business of any taxpayer the date which the minister in his discretion shall fix as the date of actual commencement of business shall be deemed to be the beginning of the standard period of the said taxpayer.

4. Proposal. That the definition of standard profits be amended by adding thereto a proviso that in no case shall a taxpayer's standard profits be less than five thousand dollars.

Explanation. It has been found that a great many small businesses, particularly unincorporated businesses, are encountering difficulties in computing their capital employed and would experience difficulty in presenting their cases to the board of referees. It is with a view to eliminating the necessity of appearing before the board of referees in such cases and also to provide a fixed standard for cases where the computation of capital is most difficult that the above proposal is made. Such a provision will greatly reduce the applications from this class of taxpayer to the board of referees. The aggregate amount of revenue involved is of minor importance.