

to Canadians. It would have been a very simple matter to do this, it would have been just to do so, and the Government would have received a very much larger revenue than it will under the present Bill. And we all know that the Government needs all the revenue it can get. I have never heard any sound argument against my proposal, which I have been pressing for a great many years.

Right Hon. Mr. MEIGHEN: This Bill puts it into effect.

Hon. Mr. BALLANTYNE: Not to the full extent that I was hoping for. This goes only part of the way, in putting a tax of five per cent on non-residents. I wanted an income tax to be applied, especially against our neighbours to the south, to the same extent as they tax us. If that were done, the Government would get twenty-five or thirty per cent in some cases, instead of five per cent. And that small taxation may have the tendency to prevent the flow of capital into this country. However, it is too late now to press my contention. I am not going to ask our leader to state any reason why the Government did not do as I suggested, although, I repeat, I know that to do so would have been only fair and would have brought to the exchequer a much larger revenue than the five per cent will.

Right Hon. Mr. MEIGHEN: I do not like the five per cent, and I should like twenty-five per cent still less. But, in common with my honourable friend, I should have preferred to see such a tax applied only against the countries that tax Canadians, and to the same extent. I presume the reason for the lighter tax is that we are still a debtor country which has to borrow money, while the United States is not. The country needs no longer to borrow abroad, and feels it can safely tax income payable to people outside its borders.

Section 10 provides for the taxation of undistributed profits of corporations, the object being to prevent the accumulating of profits which if distributed would increase the taxable incomes of the stockholders.

Hon. Mr. McRAE: Does that apply to all companies?

Right Hon. Mr. MEIGHEN: No. Section 11 provides for an exception.

The five per cent tax to which reference was made a little while ago does not apply to a company wholly owned abroad.

Section 12 provides for the deduction of a tax of twelve and one-half per cent on certain payments made to non-residents, and for the

Right Hon. Mr. MEIGHEN.

remittance of the deductions to the Receiver-General.

Section 13 provides for consolidated returns of income of corporations.

Section 14 provides for returns to be made by all debtors who are paying interest on any fully registered bonds or debentures. The information is required by the department so that persons who receive such interest may be more easily identified.

Section 15 provides for the identification of holders of bearer bonds, by compelling depositors of coupons or warrants to sign ownership certificates. The object is to make it possible to trace the real ownership. Even cases of deposit of bonds and warrants in a foreign country are provided for, and safeguards are erected to make sure that the ultimate recipients of the interest are identified and taxed in respect of that income. I am sure the honourable senator from Rigaud (Hon. Lawrence Wilson) will be delighted when he reads this section. I think it has been thoroughly worked out and is likely to prove highly troublesome to persons who have been concealing the ownership of bearer bonds in the past.

Hon. Mr. GRIESBACH: Is it the intention to trace back the ownership during the past fifteen years or so and prosecute the persons who are found to have been evading the payment of taxes on bonds?

Right Hon. Mr. MEIGHEN: The practice has always been to pursue the evader of income tax, and there is no reason why an exception should be made with respect to the holders of bearer bonds.

Then there are provisions for delivery of these ownership certificates to the Minister, for penalties in cases of failure to collect or withhold, for failure to remit and for failure to complete ownership certificates.

Section 17 provides for interest on increase of the tax:

Interest on the increase of tax imposed by sections one, eight and thirteen of this Act on corporations for the fiscal period ending in 1932, shall commence to run from the thirtieth day of April, 1933.

That interest is at the rate of six per cent. The remaining four sections, numbers 18, 19, 20 and 21, have to do with the date at which the various sections of the Act come into effect. They become effective at varying dates for appropriate reasons.

Right Hon. Mr. GRAHAM: Honourable senators, one of the difficulties about a new Bill of this kind is that few of the people who are called upon to pay income tax really un-