

Hon. Mr. VIEN: Except this, that if a provincial government or a municipality gives a subsidy to help a new industry, why should you take away this assistance by deducting from the value of the property the donation that they may have received?

The CHAIRMAN: You are not taking it away, senator. As I understand it, you are simply putting it in the category that the taxpayer cannot recover it again, as he could his own capital invested. In other words, in setting up the value of the building, if he had a provincial subsidy of \$10,000 and he put in \$40,000 of his own money, the capital cost of the property to him would be the \$40,000 which he could recover by way of depreciation.

Hon. Mr. VIEN: But if a company is organized for, let us say, the purpose of creating a water-works in a municipality, or an aqueduct, or a sewerage system—these are disappearing, but there are some of that character still persisting in some parts—

The CHAIRMAN: You mean, a private company?

Hon. Mr. VIEN: Then he gets his subsidy towards the purpose for which the company is organized. Property is then bought. Are you going to push it through into the property that he is buying?

Mr. GAVSIE: No. It is a case where they are building the aqueduct and they get a contribution from the municipality. The aqueduct is costing a million dollars. They get a contribution of \$10,000, then what they depreciate is \$990,000. That is all that means. There is no attempt to recover the amount. Their cost is \$990,000.

Hon. Mr. HAYDEN: I move that we adjourn until the Senate rises.

Hon. Mr. CAMPBELL: Would it be in order to suggest to the leader that the house meet and adjourn during pleasure, and then we could proceed with this matter and probably dispose of it?

The CHAIRMAN: The understanding I had with the leader of the government was that we would rise now to meet again this afternoon when the Senate rises, and I think perhaps it would upset things too much if we endeavoured at this stage to make a change.

Hon. Mr. VIEN: I move that we rise now, to resume later today.

The CHAIRMAN: Is that agreed to? Carried.

(The committee resumed its hearing.)

The CHAIRMAN: Honourable senators, I think we got down to subsection 4 at the top of page 8 of the bill. Shall subsection 4 carry?

Some Hon. SENATORS: Carried.

The CHAIRMAN: Then we come to subsection 5, which defines "business". Shall subsection 5 carry?

Some Hon. SENATORS: Carried.

The CHAIRMAN: Next is subsection 6. Does this section carry?

Hon. Mr. HAYDEN: Is there an amendment there?

The CHAIRMAN: Yes. The amendment provides for a new subsection 6 which reads as follows:

Subsection (1) does not apply in determining income from farming or fishing.

Does this subsection carry?

Some Hon. SENATORS: Carried.

The CHAIRMAN: Then there is subsection 2 of section 7 which reads as follows:

This section is applicable to the 1949 and subsequent taxation years.