

month they want to send out their bills, but until they have this information they do not know where they are at.

Sir HENRY DRAYTON: My view of the resolution, and I hope the House will adopt that view, is that neither gas or electricity ought to be taxed, and that no tax will be levied upon them.

Mr. BUREAU: If in view of the statement of the minister these men send out their bills without the one per cent added, they will not be subject, if the House determines otherwise than as the minister has stated, to the penalty which may be imposed under the law.

Sir HENRY DRAYTON: No.

Mr. FIELDING: The change in the item respecting stereotypes is of the same nature, I presume, as the change in regard to books.

Sir HENRY DRAYTON: Absolutely the same.

Mr. FIELDING: It leaves out "English and French languages" and applies to all.

Resolution reported and concurred in.

Sir Henry Drayton thereupon moved for leave to introduce Bill No. , to amend the Customs Tariff Act, 1907.

Motion agreed to and Bill read the first time.

#### WAYS AND MEANS.

#### BUSINESS PROFITS WAR TAX ACT, 1916, AMENDMENT.

House again in Committee of Ways and Means, Mr. Boivin in the Chair, on the following proposed resolution:

Resolved, That it is expedient to amend The Business Profits War Tax Act, 1916, and the amendments thereto, and to provide:

1. That the profits earned in any business during any accounting period ending in the year one thousand nine hundred and twenty which do not exceed ten per cent per annum upon the capital employed in such business shall be exempt from the tax prescribed by the Act;

That upon any such profits exceeding ten per cent per annum and not exceeding fifteen per cent per annum there shall be paid a tax equal to twenty per cent of such profits;

That upon any such profits exceeding fifteen per cent per annum and not exceeding twenty per cent per annum there shall be paid a tax equal to thirty per cent of such profits;

That upon any such profits exceeding twenty per cent per annum and not exceeding thirty per cent per annum there shall be paid a tax equal to fifty per cent of such profits;

That upon any such profits exceeding thirty per cent per annum there shall be paid a tax equal to sixty per cent of such profits;

That in the case of a business owned by an incorporated company with a capital of not less

than twenty-five thousand dollars and under fifty thousand dollars employed in such business, there shall be paid a tax of twenty per cent of the amount by which the profits earned in such business during any accounting period ending in the year one thousand nine hundred and twenty exceeded ten per cent per annum;

2. That in respect to any business liable to taxation under the said Act having a capital of less than fifty thousand dollars the rates of taxation set forth in section three of the said Act as amended by chapter six of the Statutes of 1917 shall apply in respect of the 1917 and 1918 accounting periods, if twenty per cent or more of such profits have been derived from the manufacture or dealing in munitions of war or materials or supplies of any kind for war purposes;

3. That the period during which the said Act is to be in operation be extended for one year, and that section twenty-six of the said Act be amended by substituting the word "twenty" for the word "nineteen" in the third line thereof, and by substituting the word "seventy-two" for the word "sixty" in the fourth line of the proviso in the said section.

Sir HENRY DRAYTON: Owing to a typographical error in the sixth paragraph the words "owned by an incorporated company" have crept in. The original resolution did not contain these words. They add nothing to the meaning and I beg to move that they be deleted.

Amendment agreed to.

Mr. FIELDING: The phrase "such profits" is intended to mean only the excess, I presume?

Sir HENRY DRAYTON: Yes.

Mr. FIELDING: I quite understand that that is the intention, but is it clear on reading the clause.

Sir HENRY DRAYTON: That is the intention, and the Bill will make it absolutely clear.

Mr. FIELDING: I think it is capable of being misunderstood, and I am only drawing my hon. friend's attention to it.

Sir HENRY DRAYTON: I thank my hon. friend. The Bill will make the intention absolutely clear.

Mr. FIELDING: The words "such excessive profits" might be helpful.

Mr. CAHILL: The tax is figured at each point, between 10 and 15 per cent, 15 and 20 per cent, 20 and 30 per cent, and upon the excess over 30 per cent?

Sir HENRY DRAYTON: That is right.

Mr. JACOBS: The other evening in my remarks on the Budget I drew the attention of the minister and the House to the fact that in many cases the amount which is charged by the Government under the excess