

Hon. Mr. HAYDEN: I am just wondering if subsection 3 is applicable to 1949 and subsequent years. I notice the subsection itself deals with any payments into an approved superannuation fund during 1946 and subsequent years. Supposing in the year 1946 I transfer from a retirement to a pension plan with an accumulation of money in excess of \$900, and I paid it all over in 1946, 1947 and 1948, I do not get my benefit until 1949. By this time I have been taxed. Why is 1946 mentioned if the benefit is not to accrue until 1949?

Dr. EATON: My understanding of it is this, that any excess over \$900 which was in fact paid in in any of those years from 1946 onward may in 1949 and thereafter be deducted.

Hon. Mr. HAYDEN: What happens if I pay in the whole of that excess in the year 1946 or 1947, in those years; by now I would have been taxed on it, would I not?

Dr. EATON: You may take your deduction in respect of the excess in 1949 and get it then; rather than reopen the years from the year in which it was paid in and following, the excess in the year in which it was paid in may be deducted in 1949 and the following years.

Hon. Mr. HAYDEN: Is that clear? I understand it is the intention that if I have contributed in excess of \$900 in a lump sum in 1946, 1947 and 1948 my income tax returns have been filed and assessed, but under the law that excess would be taxable in my hands as income. In 1949 I can start recovering it at the rate of an extra \$900 until I have recovered the full amount: is that correct?

Dr. EATON: That is right.

Hon. Mr. HAIG: That is what it says.

Hon. Mr. HAYDEN: Except the tax rate in 1946, 1947 and 1948 may be higher.

Hon. Mr. HAIG: Even if we get a little back, don't kick too much.

The subsection was agreed to.

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On section 6: fiscal period for individual member of partnership wound up.

Dr. EATON: Section 6 is a technical amendment to take care of a situation where the partnership is wound up. In the explanatory note it points out that it is a relieving provision. A member of a partnership or a sole proprietor in a year in which a partnership has changed or a business has been disposed of may elect to file a return for the regular fiscal year of the partnership or proprietorship rather than for the period ended with the time of the change or disposition. The present law operates this way. A partner is taxable on a calendar year basis in respect of the profits of his partnership for the fiscal period of twelve months that ends in that calendar year. Suppose, for example, the regular fiscal period may be ended March 31. He has twelve months of profits to pay there. If the partnership is wound up in, say, September, then he will have had to pay twelve months' profits plus six months, which is eighteen months of profits in one year. This amendment will enable him to pay on his twelve months profits in one year and then carry on and pay in the next fiscal year on twelve months profits rather than have the profits pyramided within one taxation year.

Hon. Mr. McKEEN: This allows him the choice.

Dr. EATON: Yes.

The CHAIRMAN: This includes subsection 3?

Dr. EATON: This is the same substance.

The section was agreed to.