

Inquiries of the Ministry

Minister of Transport. Will the minister state when the S.S. *Abegweit* will take over the Borden-Tormentine ferry service?

Hon. LIONEL CHEVRIER (Minister of Transport): Just as soon as it possibly can, after the naming ceremony.

VETERANS AFFAIRS

VETERANS TAXI OWNERS ASSOCIATION OF MONTREAL

On the orders of the day:

Mr. G. H. CASTLEDEN (Yorkton): I should like to ask the Minister of Veterans Affairs what action has been taken to protect the interests of Canadian veterans who are members of the veterans taxi owners association of Montreal.

Right Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): I should like to make a statement on that question as soon as possible, but I have not the file before me now. I want to say at once that the Department of Veterans Affairs has nothing whatsoever to do with the activities of the veterans taxi owners association of Montreal, except that a former employee of the department got mixed up with the activities and he was immediately dismissed.

CHEESE

INQUIRY AS TO REQUISITIONING FOR UNITED KINGDOM CONTRACT

On the orders of the day:

Mr. G. J. TUSTIN (Prince Edward-Lennox): Yesterday an announcement was made by the Minister of Finance that the price ceiling had been removed on all agricultural products—

Mr. ABBOTT: Dairy products.

Mr. TUSTIN:—and I should like to ask the Minister of Agriculture if it is the intention of the government to requisition the entire make of Ontario cheese for the United Kingdom contract. If so, will it be taken at the floor price?

Right Hon. J. G. GARDINER (Minister of Agriculture): I do not know of any intention on the part of the government to requisition cheese this year.

INCOME WAR TAX ACT

The house resumed from Monday, June 9, consideration in committee of Bill No. 269, to amend the Income War Tax Act—Mr. Abbott—Mr. Macdonald (Brantford City) in the chair.

[Mr. McLure.]

On section 12—Private companies.

Mr. TIMMINS: Will the minister explain subsection 2?

Hon. DOUGLAS ABBOTT (Minister of Finance): As the explanatory note points out, the amendment to subsection 2 is consequential upon the amendment to subsection 1 which allows a private company incorporated after 1939 to elect to pay the special tax under this part of the Income War Tax Act. It is a purely consequential amendment in order to bring subsection 2 in line with subsection 1 as amended. I have a further amendment, to add a subsection 5 to this section, which I will ask my colleague to move.

Mr. McCANN: I move:

That subclause three of clause 12 of Bill 269 be amended by adding after subsection four therein contained the following subsection:

“(5) Where a private company pursuant to the winding up of another company received property in any form in respect of which it was not subject to tax under this act but in respect of which it would have been subject to tax if section nineteen of this act had been in force at the time it received the property, the private company may, at its option, include in its undistributed income for the purposes of this part of the lesser of

(a) an amount equal to the amount in respect of which it would have been so subject to tax, or

(b) an amount equal to the amount by which the value of all property in any form received by it pursuant to the winding up exceeded the value of the consideration given by the private company for the shares of the other company in respect of which the said property was received by it.”

Mr. FLEMING: Explain.

Mr. ABBOTT: This is to cover a case which was overlooked when the original section was drafted. It was found that there were certain companies which, had they continued in their former state, could have qualified and elected under the provisions of the section. However, they had been reorganized and assets of the former company were transferred to the new company, but there was a substantial identity between the original company and the successor company. It was considered equitable that company No. 2, if it cared to do so, could avail itself of the provisions of the section, and this new subsection is being put in to enable it to do so.

The committee will realize that these provisions will lapse on December 31 of this year. It was suggested that these so-called private companies should be enabled to pay tax at the rates stipulated on their undistributed surplus. As the committee realizes, the