

evade this tax. For instance, take a merchant who owns his store. He does not care whether that store is in his own name or in his wife's name. He can readily transfer it to his wife and pay her large sums, say for rent, just to make her the recipient of a separate income. There are many other ways in which people who desire to evade this tax can do so, and we need not shut our eyes to the fact that there are many who will endeavour to evade this tax. The principle of this Bill apparently being that the people who are able to pay should be compelled to pay, the incomes of husband and wife, whether the wife's income is the result of a marriage settlement or of inheritance or anything else, should be considered as one for the purposes of taxation.

Mr. C. A. WILSON: Is any minimum age fixed for the word "person?"

Sir THOMAS WHITE: It will embrace minors as well as others if they have the income.

Mr. PUGSLEY: Would the minister give one or two explanations in regard to exemptions? Paragraph (a) gives the following exemptions:

The value of property acquired by gift, bequest, devise, or descent.

Does that mean that it is to pay no income?

Sir THOMAS WHITE: It means this. Supposing my hon. friend should this year inherit a piece of property worth \$100,000. His income would not be increased by that amount. It does not mean that any revenue derived from that property would not be part of my hon. friend's income, but the property acquired by him would not be treated as income.

Mr. PUGSLEY: Will the exemption as to contributions to the Patriotic Fund apply to provinces where there is a direct taxation for that fund, and where they have done away with the voluntary system? That is the case in New Brunswick.

Mr. HAZEN: Would not that work out in this way? When my hon. friend and I are making up our statements of income liable to assessment under this Act, would we not have a right to deduct from our income the amount we paid in civic taxation? In our civic taxation is included the sum of money necessary for the purpose of carrying on the work of the Patriotic Fund in our province.

[Mr. Knowles.]

Mr. PUGSLEY: The words used are "must be subscribed."

Mr. HAZEN: You are right; the word "subscribed" would be hardly broad enough to cover that.

Sir THOMAS WHITE: We can amend that. I think it is perfectly clear that if a taxpayer is entitled to deduct from the gross amount of his income the amount which he subscribes directly and pays to the Patriotic Fund, and is liable for taxation upon the balance only, it would be proper if he pays by way of taxation to that fund, that is to say, contributes indirectly, to allow him similarly to deduct the amount so paid from the amount of his total income so that he would be assessable only upon the balance.

Mr. HAZEN: I would suggest the use of the word "pay" instead of "subscribe."

Sir THOMAS WHITE: I think that would meet the case. I want to make it perfectly clear that by this legislation it is not provided that a man may deduct from the amount of his taxation the amount he contributes to the Patriotic and Canadian Red Cross Funds. The wording of subsection (e) of section 3 is:

Amounts subscribed and paid by the taxpayer during the year to the Patriotic and Canadian Red Cross Fund and other patriotic and war funds approved by the minister.

That is a deduction from the total amount of a person's income. If a man's income is \$10,000 a year and he subscribes and pays \$1,000 to the Canadian Patriotic Fund, then he would be entitled to deduct that and say that his income for the purpose of taxation is \$9,000, but he is not entitled to say: My tax under this measure is \$400 or \$500, and because I have paid \$400 or \$500 to the Patriotic Fund, I am not entitled to pay anything more.

Mr. LEMIEUX: Does not the word "suspected" in subclause (f) smack a little of terrorism? It says:

(f) "Taxpayer" means any person paying, liable to pay, or suspected by the minister to be liable to pay, any tax imposed by this Act.

I object to the word "suspected." Why not say "deemed"?

Sir THOMAS WHITE: The word also grated upon my delicate susceptibilities as to the use of language, but it is a word that is used in the Business Profits War Tax Act, and there does not seem to be any other word that would precisely take its place.