

Hon. Mr. NICOL: Yes.

Hon. Mr. HAYDEN: There may be a considerable number.

Dr. EATON: But a very limited number would be affected by this, because this is mainly on Canadian dividends. A great number of companies have foreign investments and would not be affected by this at all.

On section 33—scientific research.

The CHAIRMAN: Section 33 deals with deductions from income in respect of scientific research related to the business of and directly undertaken by and on behalf of the taxpayer.

Hon. Mr. HAYDEN: That ties in your whole appreciation plan?

Dr. EATON: That is correct.

Hon. Mr. HAYDEN: I do not want to anticipate any person else who wants an explanation: it is necessary—

Dr. EATON: To bring them under the ordinary scheme of depreciation. They had a separate depreciation set-up under a special provision of the law, and it is to ensure that the depreciation, although allowed by a separate section of the law, shall come under the ordinary regime and regulations affecting depreciation.

Hon. Mr. HAYDEN: If I contributed money for scientific research which was to be applied for the construction of a building or laboratory in which the experiments were going to be conducted, then the depreciation would apply in accordance with sections 7 and 8 of the bill in relation to that, and all the incidents will follow.

The section was agreed to.

On section 34—mining companies.

The CHAIRMAN: Section 34 deals with the taxation of mining companies.

Dr. EATON: It extends for three more years the three-year exemption for new mines coming into production.

The section was agreed to.

On motion of Senator McLean the committee adjourned to meet again at 8 o'clock p.m.

(At 8 o'clock the meeting was resumed).

The CHAIRMAN: Gentlemen, may we come to order. We are now at the stage where we are dealing with section 35 which is on page 29.

On Section 35—deduction of consolidated loss.

Hon. Mr. HAYDEN: Would somebody explain what that is about?

Dr. EATON: This amendment is consequential on the change of the carry forward from three years to five years. The underlined words there are "five taxation years" where previously it was three taxation years.

The CHAIRMAN: Does section 35, subsection 1 carry?

Some Hon. SENATORS: Carried.

The CHAIRMAN: The next is section 35, subsection 2, which deals with consolidated losses in any year.

Dr. EATON: The change there was to insert the word "taxable" in front of the word "incomes". There is a consolidation of taxable incomes.

Hon. Mr. HORNER: The farmers may understand this part but do the lawyers understand it? I do not want the lawyers to be unduly taxed.

Mr. GAUSIE: Senator Horner, sometimes it is rather hard to understand what the lawyers understand.

Hon. Mr. HORNER: I do not want to see them in any trouble.