

MINUTES OF PROCEEDINGS

FRIDAY, June 2, 1950.

Pursuant to adjournment and notice the Standing Committee on Banking and Commerce met this day at 11.00 a.m.

Present: The Honourable Senators Beaubien, Burchill, Crerar, Euler, Gershaw, Haig, Horner, Kinley, Lambert, McKeen, Paterson, Quinn, Robertson and Wilson.—14.

In the absence of the Chairman, the Honourable Senator Paterson was elected Acting Chairman.

In attendance: Mr. J. F. MacNeill, Law Clerk and Parliamentary Counsel.

The official reporters of the Senate.

Consideration of Bill 177, "An Act to amend The Income Tax Act", was resumed.

The following were heard:

Dr. A. K. Eaton, Assistant Deputy Minister, Department of Finance.

Mr. C. Gavsie, Assistant Deputy Minister, Department of National Revenue.

Mr. E. S. MacLatchy, Assistant Director General, Legal Branch, Taxation Division, Department of National Revenue.

The following amendments were moved and carried:

3. Pages 13 and 14:

That subclause (1) of Clause 21 be amended by deleting the words "(within the meaning of that expression as used is subsection (1A) of section 27)" in paragraph (eb), by deleting sub-paragraph (iii) of paragraph (eb) and substituting the following therefor:

(iii) expended amounts each of which is

- (A) an expenditure in respect of charitable activities carried on by the corporation itself,
- (B) a gift to an organization in Canada the income of which for the period is exempt from tax under this Part by virtue of paragraph (ea), or
- (C) a gift to a corporation resident in Canada the income of which for the period is exempt from tax under this Part by virtue of this paragraph, and

the aggregate of which is not less than 90 per cent of the corporation's income for the period,

by adding the following paragraph within the quotation marks,

(ec) a trust all the property of which is held absolutely in trust exclusively for charitable purposes, that has not, since June 1, 1950, acquired control of any corporation and that, during the period,

- (i) did not carry on any business,
- (ii) had no debts incurred since June 1, 1950, other than obligations arising in respect of salaries, rents and other current operating expenses, and