

Mr. BUREAU: If judges are exempt it must be for one of two reasons. The minister said that all judges received their salaries from the Dominion Government. If the fact of receiving a salary from the Dominion Government is going to be given as a reason for exemption, I think the point raised by the hon. member for Shelburne and Queens (Mr. Fielding) is a good one, that it ought to apply to all those who receive a salary from the Dominion Government. If, it is on account of his judicial capacity, other judges who are not appointed by this Government and are not paid by this Government should be exempt. The judge of the general sessions of the peace in Montreal gets his salary from the provincial Government while a judge of the Superior Court gets his salary from the Dominion Government. If, on account of his judicial position, the judge of the Superior Court is exempt, why should not the judge of the general sessions at Montreal, or in any other judicial district, be exempt? On the other hand, if a judge is going to be exempt because the money is paid by the Dominion Government I agree with my hon. friend from Shelburne and Queens that all other people who receive their money from the Dominion Government should be exempt from this tax.

Mr. A. K. MACLEAN: I have the provisions of the Judges Act before me. Section 27, subsection 3 provides:

The salaries and retiring allowances or annuities shall be payable by monthly instalments and shall be free and clear of all taxes and deductions whatsoever imposed under any Act of the Parliament of Canada.

Mr. CRONYN: On the consideration of the Bill there will be an opportunity to discuss the point raised by the hon. member for Brantford (Mr. Cockshutt) as to the increase in the tax in the case of incorporated companies. I do not want to delay the Committee by discussing it, but I think that something might be said on the subject.

Sir HERBERT AMES: Has any further consideration been given to clause 3c of the Business Profits tax, as to a reciprocal arrangement with the United States without which the Business Profits tax that we should receive is paid to them? Has that been taken up?

Mr. A. K. MACLEAN: It is not proposed to submit to the Committee any amendment providing for a reciprocal arrangement with the United States. The Business Profits tax in the United States is based

upon a somewhat different principle from ours. They have ruled that income received by Canadian corporations from products sold in the United States is subject to their Business Profits Tax Act. For instance, our manufacturers of newsprint export to the United States 88 or 89 per cent of their total production. The United States treasury has ruled that the proceeds of sales of newsprint in the United States are subject to taxation under their Act. Sir Thomas White, who is now in Washington, a day or two ago had an interview with the United States Treasury Department upon the matter, and yesterday I had a communication from him assuring me that his representations were sympathetically received by the department and he thought an understanding would be reached with respect to the matter.

Mr. LEMIEUX: In other words, there will be no change in the law regarding non-residents?

Mr. A. K. MACLEAN: No. You are referring to the Income Tax Act?

Mr. LEMIEUX: Yes.

Mr. A. K. MACLEAN: I was speaking of the business profits tax. The matter of reciprocal arrangements between Canada and other countries, so as to avoid a double income tax, was discussed at the Imperial Conference last year, and I understand it was decided to allow it to stand over until after the conclusion of the war.

Mr. McMASTER: I believe that the rate of taxation on incomes over \$10,000 is utterly inadequate and I am sure that the country will agree with that view. When this Government is asking the poorer folk to make the sacrifice both in men and money that they are being asked to make, the rate at which the larger incomes are being taxed is utterly inadequate. I know the reply will be given that the United States is taxing incomes on the same ratio. I hardly think that applies. What we want to do is to endeavour to equalize sacrifice as between the citizens of this country, and that is not done by the taxation that is imposed on the larger incomes.

Mr. LALOR: Is the Acting Minister of Finance aware that a Canadian company with branch factories in the United States doing business there is taxed in the United States upon the profits of these branches and again taxed in Canada upon the same profits it has made in the United States? I know something about this from personal experience. The company is taxed on the