

*Income War Tax Act*

for movable property so far as this act is concerned?

Mr. JACOBS: Money bona fide paid for immovable property! I cannot see how my hon. friend does not see the distinction, or how it does not suggest itself to him at the moment. When you buy immovable property, your very first act is to send the transaction to your notary, your lawyer, in order to get a certificate of search of the property. You do not buy it without knowing whether there is an encumbrance on it or not. The very first act is to investigate in order to find out whether there is any charge against the immovable property. How can you find out whether there is any charge against movable property? You cannot do that on account of its very nature.

Sir HENRY DRAYTON: There is such a thing as a chattel mortgage. There is such a thing as registration.

Mr. JACOBS: Not under the law of my province.

Sir HENRY DRAYTON: There is under our law. We can find what liens are on movables just the same as on immovables. They have to be registered under our act. Apart from that my hon. friend is wrong when he says that everyone who buys a piece of real estate goes to a lawyer. Many do not. When a man bona fide pays money, should he lose it because he pays his money bona fide in buying an agreement of sale for a piece of property?

Mr. JACOBS: The very first thing he should do is to investigate whether the man who sells really owns the property or not. That is what the question really is. There is a very well known case of a confidence man who sold a stranger in Chicago the Masonic Temple for a few thousand dollars. He showed the man the building and the man bought it. That is what my hon. friend evidently has in mind when he says that people buy property bona fide without investigating whether the person who sells it has the right to sell it.

Mr. BAXTER: What I am trying to lead up to is this, that under our system if a man has a little bit of a mortgage or a lease that is running for more than three years, if he has anything that practically invades the dominion of the real estate, he has at his peril to put that on record, or otherwise he may lose his right. The law requires the individual to do that and the penalty is the possible loss of his rights. Instead of

[Sir Henry Drayton.]

having a system that is bound to bring about conflict, confusion and hardship, would it not be much easier to have a very simple registration provision by which, if the department thinks it necessary or wise to have a lien, it should file some record of that lien in the ordinary registration offices of the country? I am referring to the English-speaking provinces. The man searching his title would then find it all right, and if through neglect he did not search the title he would have to put up with the consequences.

Mr. JACOBS: As regards assessment for municipal taxes, there is no necessity for having registration. When you buy property it is your business to see whether the taxes have been paid to the municipality or not.

Mr. BAXTER: I know that but I know that very often mistakes occur in connection with it.

Mr. JACOBS: That is why there are lawyers.

Mr. COOTE: Has the minister made any provision, or does he intend to make any provision for a case such as I am going to suggest to him in which a farmer has had a serious loss in his farming operations for possibly two or three years and then has a good crop which renders him liable to assessment for income tax? He has become heavily indebted during those poor crop years, and on selling his crop and turning the proceeds over to the bank, he is later assessed by the Income Tax department for his operations of the previous year. When he goes to the bank for money to pay his income tax, he is refused the money by the bank, although the bank has received the total proceeds of his crop, and the farmer then is pressed by the Income Tax department for payment of the tax. I have known at least one case to occur such as I have suggested to the minister, and I believe there have been a good many such cases. I think the minister might make some provision in the act whereby the farmer could give a lien to the department on a portion of his crop before he has to sell it and turn the proceeds over to the bank. The bank very often holds a claim upon the farmer which really forces him to turn the proceeds over to it. Has the minister considered that? Is he willing to make any change in the act to protect that man?

Mr. ROBB: We do not anticipate any further changes in the act from what have been already presented to parliament. My