whether it be through mutuals, trust companies and so on, we want to treat the insurance companies in the same manner. We also want this for the individuals who buy registered retirement savings plans through an insurance company. The premiums paid on such policies are deductible by an individual, and we want to treat them the same as we treat other retirement pension plans.

[*Translation*]

Mr. Beaudoin: The question I ask myself, Mr. Chairman, relates to the insurance premiums which the policyholder must pay before getting his pension because it is agreed that these premiums are not taxable. But when he gets his pension, if it exceeds the cost of the premium, how will it be taxed? Is this included in the tax?

[*English*]

Mr. Benson: What happens here is the same as with any pension plan. The individual pays into it. If it is a registered retirement savings plan, which is what we are talking about in this amendment, it is just the same as a pension plan. The individual may deduct his contributions to the plan for tax purposes, but when he receives benefits on retirement the entire benefits are taxable in his hands. It works exactly the same as a pension plan.

Mr. Rynard: I am wondering about the case of a whole life policy bought for one of the partners in a corporation or company. The premiums are paid by the corporation, and when the man retires at age 65 there is no further need for insurance on his life. What becomes of this policy? How is it distributed, and what about the dividends?

Mr. Benson: First of all the dividends would not be taxed. They are not taxed on any policies. We are not taxing dividends; we are using the other method I described earlier. With respect to a policy of the kind that the hon. member is talking about, if it were taken out tomorrow, I have explained the method of evaluation. If the policy went on until the man was 65 and the policy was then surrendered for its cash surrender value, the amount of income realized by the corporation, or the people holding the policy—it might not be the corporation, it might be other shareholders—would be the difference between the premiums paid and the cash surrender value received at that time.

Mr. Rynard: In other words, if the cash value was less than the amount paid in there would be no problem of taxation at all?

Mr. Benson: No problem whatsoever.

Amendment agreed to.

Clause as amended agreed to.

On Clause 21—*Receipts for exploration or drilling rights included in incomes.*

Mr. Burton: Does the minister consider that this now places oil and gas companies on the same basis as other operating businesses so far as the scope of this section of the act is concerned? Second, are there any further amendments planned, and is the minister in a position to indicate what they may be with respect to the taxation of oil and gas companies? Third, does he feel that this fulfils the intent and the spirit of the Carter Commission report with respect to oil and gas companies?

Mr. Benson: Mr. Chairman, this is a very general question and one that I am not at liberty to answer at the present time, or at least until my white paper is prepared and I disclose to the house what our intentions are with respect to tax reform. It is a very interesting question but I do not think I should express opinions in this regard at the present time while we are contemplating our tax reform and white paper which, as I mentioned last night, I hope to get out this summer.

Mr. Burton: I take it we can safely conclude from the minister's answer that the white paper has not been completed, but can he answer the question whether he considers these amendments carry out the spirit and intent of the Carter Commission recommendations?

• (4:20 p.m.)

Mr. Benson: This amendment is intended to stop people from selling oil properties, becoming non-resident and not paying taxes on the proceeds they receive. This is not a general clause having to do with anything beyond that.

Clause agreed to.

Clauses 22 to 24 inclusive agreed to.

On Clause 25—*Acquisition of depreciable property.*

Mr. Benson: There is an amendment to this clause, Mr. Chairman. It is simply to add the words "re-assessments of tax, interest or penalties shall".