

Hon. Mr. EULER: But even though he has no taxable income you demand him to file a return, do you not?

Mr. GAUSIE: Oh, yes, otherwise he is subject to prosecution.

Hon. Mr. EULER: Yes, but do you prosecute?

Hon. Mr. CRERAR: If you did you would be prosecuting him not for not making a return, but for not replying to your letter.

Mr. GAUSIE: Yes, because it is the only way we can have a record.

Hon. Mr. LAMBERT: It is like a national registration, that is all.

The CHAIRMAN: Shall section 16 carry?

Some Hon. SENATORS: Yes.

Section 16 was agreed to.

Dr. EATON: Section 17, gentlemen, relates to penalties. It is an administrative clause. Would you explain this, Mr. Gausie?

Mr. GAUSIE: Clause 43, which is being repealed, provides that where a man omits from his return, dividends, rents, interests, royalties, or other similar amounts, and the Minister subsequently learns this, the Minister may then assess double the amount omitted from the return as a penalty. That section is now being repealed and the penalty provided in clause 19 of the bill is found at the bottom of page 12. We shall come to that later.

Hon. Mr. HAIG: Pass.

Hon. Mr. CRERAR: It would only cover a deliberate omission of a return.

Mr. GAUSIE: Not the section being repealed. The actual failure, deliberate or otherwise, to return dividends, rents, royalties and other similar income could bring on an assessment of a tax based on double the amount of the dividend or the other item omitted. However, we are repealing that.

Hon. Mr. CRERAR: And what takes its place?

The CHAIRMAN: We are coming to that, Senator Crerar. We have not got to it yet.

Some Hon. SENATORS: Carried.

Section 17 was agreed to.

The CHAIRMAN: Next is section 18 on page 12. Will you discuss that, Dr. Eaton?

Dr. EATON: Section 18 is a provision which gives relief to persons residing in Canada who have income in a currency which is blocked. That is, they have to take, under the law, that revenue into their income for tax purposes, even though they cannot use it. This is to give relief in such a situation.

Hon. Mr. HAIG: Until they do get it?

Dr. EATON: Yes.

Hon. Mr. HAIG: Thank you.

Hon. Mr. KINLEY: Are there any instances where countries forbid the export of income?

Dr. EATON: I think there are, senator. You run into quite a number of cases where a taxpayer is unable to take into his possession an income which he has coming to him from a certain country, because that country does not allow such income to flow to him. It does not permit that income to leave its possession.

Hon. Mr. EULER: Would that not be the case with Jamaica, for example?

Dr. EATON: I could not say as to that country, but we have had cases from the United Kingdom.