

able, so far as premium payments are concerned, and serving the same purpose as straight life policies, would be debarred.

Section as amended agreed to.

Sections 9 and 10 agreed to.

On section 10A—Deductions.

Mr. ILSLEY: The hon. member for Vancouver South (Mr. Green) suggested that the expression "registered prospecting syndicate" was not wide enough to include certain prospecting organizations. The statutes of some of the provinces have been examined, and we think the wording is now wide enough to include every form of prospecting organization we desire to cover.

Section agreed to.

Section 11 agreed to.

On section 12—Persons liable to income tax.

Mr. NOSEWORTHY: I understand that this section deals with the income tax on non-residents. Could the minister give us any idea of the amount of profit which goes out of Canada to non-residents during the course of the year? I have here *Hansard* for April, 1941, in which the minister indicated a change in the rate of income tax on non-residents. He then estimated that this tax would bring in an amount of \$43,000,000. This seems to me to indicate that there must have been at least \$300,000,000 in profits on investments in Canada going to non-residents. Had these people been taxed as residents at last year's rates, they would have paid about \$240,000,000 instead of \$43,000,000.

Mr. ILSLEY: When was my statement made?

Mr. NOSEWORTHY: On April 29, 1941. The minister then estimated that at 15 per cent the tax would be \$43,000,000, and this means that there must have been at least \$300,000,000 in profits on investments going to non-residents. Canadians drawing that amount of profits from investments in Canada would have paid \$240,000,000 in taxes, so that, as I understand the situation, it appears that nearly 60 per cent of the investments in Canada are foreign capital, or subsidiaries of United States or other foreign companies.

Mr. ILSLEY: I have not the statistics before me. However, I had to withdraw from quite a lot of that tax a year ago. The hon. member was not in the house then, but it will be recalled that I got into some trouble in respect of that tax. I attempted to tax remittances to holders of bonds, the interest of which was payable in United States funds. There were various reasons developed why it was not desirable to continue to do so. Hon.

members will recall what happened. I have no statistics on the question of non-residents. We do not tax remittances by Canadian subsidiaries to United States parent companies. We tax the profits of the Canadian subsidiaries under the Income War Tax Act and under the Excess Profits Tax Act, but we let them send their dividends home.

Mr. MacNICOL: It would not be fair to do otherwise.

Mr. ILSLEY: That is arguable. Perhaps the 5 per cent might be justifiable, but we decided not to do it. The United States tax 5 per cent under similar circumstances when the money goes the other way.

Mr. MacNICOL: Are they doing it now?

Mr. ILSLEY: We have the right to do it under our convention with the United States, but we have never done it. There is a large flow of money from Canadian subsidiaries to United States parent companies.

Section agreed to.

On section 10A.—Deductions.

Mr. McNIVEN: Would the minister permit a question under section 10A? Is it possible to get a deduction under this section for contributions to more than one syndicate?

Mr. ILSLEY: Yes.

Mr. McNIVEN: A man would be entitled to a deduction of \$500 with an aggregate of \$5,000?

Mr. ILSLEY: That is right.

Mr. McNIVEN: He might invest in half a dozen and get the same deduction on each.

Mr. ILSLEY: Yes.

Mr. McNIVEN: Five hundred dollars and up to \$5,000 in each syndicate.

Mr. ILSLEY: Five hundred dollars in each one, \$5,000 altogether.

Mr. McNIVEN: It says:

. . . and not exceeding \$5,000 in respect of the aggregate of the contributions made to any one such association, syndicate or mining partnership.

Mr. ILSLEY: That is wrong. I will suggest an amendment, that section 10A be amended by striking out the words "any one such association, syndicate or mining partnership" in lines 15 and 16 and substituting the following, "all such associations, syndicates and mining partnerships".

Mr. GIBSON: I move accordingly.

Amendment agreed to.

Section 10A as amended agreed to.