

Hon. Sir JAMES LOUGHEED: No.

Hon. Mr. DANDURAND: That was my impression. This section covers the case of people who are not naturalized Canadians, but who live in Canada for a certain number of days. Has the Government arranged with the United States for reciprocity of treatment in this matter?

Hon. Sir JAMES LOUGHEED: Yes.

Section 6 was agreed to.

On section 7—5 per cent added to tax and surtax on income of \$5,000 or more:

Hon. Mr. BELCOURT: Will that surtax be applicable to cases in which the Income Tax was paid in 1919? Suppose I have paid my Income Tax for the year 1919, shall I be called upon to pay 5 per cent?

Hon. Sir JAMES LOUGHEED: There has been no assessment yet for 1919, but when the tax is levied this will be made applicable.

Hon. Mr. BOSTOCK: This is a tax on the tax.

Hon. Sir JAMES LOUGHEED: It is a supertax on the surtax.

Hon. Mr. BEAUBIEN: Is the honourable gentleman quite satisfied with the drafting of this clause? It says:

The several taxes and surtaxes prescribed by subsections 1 and 2 of this section are hereby increased—

That is the tax. Then it goes on to say:

—by the addition of five per centum to the amount of each.

Hon. Mr. BOYER: Could I get some information at this point? We have so far paid taxes for 1917 and 1918. A friend of mine who has quite an income told me that he did not receive any bill for 1917 or 1918, and that he has never paid a cent of tax, although he has sent in his returns.

Hon. Sir JAMES LOUGHEED: He is a very fortunate man. Would my honourable friend have any objection to giving Mr. Breadner the name?

Hon. Mr. BOYER: Just as much as he has to giving us information about something else. Let him find out.

Hon. Mr. PROUDFOOT: The trouble about Mr. Breadner giving the information is that he is not allowed to give information; that he is liable to a penalty if he does so. What I want to find out is this. Supposing a man has an income of \$10,000, he has to pay the tax and the surtax as provided for by the existing Act. Then will he pay

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under this Act 5 per cent additional on the second \$5,000?

Hon. Sir JAMES LOUGHEED: There will be 5 per cent on the entire amount of tax which he pays on his income. Supposing his income tax under the tax and the surtax came to \$1,000, he would pay \$50 more.

Section 7 was agreed to.

Section 8 was agreed to.

On section 9—military and naval pay; income from pensions:

Hon. Mr. BOSTOCK: If my honourable friend has the Act of 1919 before him he will notice that in the section referred to there is a figure 2, which I suppose represents a subsection, and then there is another 2 which probably means a subsection. It may be all right, but under section 10 the public are supposed to understand this Act and to be able to make out their own returns without any information except what they get from the Act.

Hon. Sir JAMES LOUGHEED: The whole information is circularized, and will be sent out with all blank returns, so that the public will not have to refer to the Act.

Section 9 was agreed to.

On section 10—one-quarter tax to be forwarded with return; balance may be paid by instalment with interest:

Hon. Mr. BOSTOCK: I would like to know the reason for this provision requiring the taxpayer to pay a quarter of the tax at the time he makes his return.

Hon. Sir JAMES LOUGHEED: It will facilitate the collection of the tax; that is the main thing. In fact, it should have been done long ago, and the Government would have been able to collect much more successfully than has been done.

Hon. Mr. DANDURAND: If I am not mistaken, when this Bill was introduced there was a clause requiring any one, when making his return, to send a cheque for the total amount he thought he owed the Government for income; is that correct?

Hon. Sir JAMES LOUGHEED: No.

Hon. Mr. DANDURAND: This section means that, although the taxpayer may only be obliged to send a cheque for 25 per cent, he has found the total which he admits owing, and it is upon that statement that he may be penalized for having committed an error. In other words, the taxpayer has himself to determine that total amount