

Hon. Mr. HOWARD: The honourable senator, being a business man, will know that people usually hesitate to go to law, for fear that if they lose their case they will have to pay costs. But on appeals to the board in the Income Tax Branch the taxpayer simply takes the chance of winning or losing, because even if he loses he will not have to pay any costs. It is suggested that on that account the appeals are more numerous than they would be if taxpayers were required to apply to the courts. My impression is that if a company has a just claim its appeal will not be turned down.

Hon. Mr. ASELTINE: Do I understand the honourable gentleman to say that the Excess Profits Tax Act as amended by this Bill applies to corporations only? I am under the impression it applies to individual businesses as well.

Hon. Mr. HOWARD: I did not deal with that point. The amended Act does apply to persons engaged in business individually or in partnership.

Hon. Mr. BALLANTYNE: The honourable senator from Wellington (Hon. Mr. Howard) is quite right. I have been associated with business all my life, and I know corporations that had gone to a good deal of trouble to show their depressed-year claim, but were never given a chance to present it. I think the Board of Referees ought to hear all claims that appear to be sound.

I should like the honourable senator to tell us something about the British corporation tax. I mentioned a moment ago that the people in England are better off than we are: they have no corporation tax.

Hon. Mr. HOWARD: I am sure that if the corporation could justify its claim the Minister would refer it to the Board of Referees. I am not familiar with the British Act.

Hon. Mr. LACASSE: The honourable leader opposite is so conversant with these matters that I should like, for my personal information, to ask him a question, although I may be out of order in doing so. I have always been under the impression that the British corporation income tax is based on the principle of averages, and that the same principle is applied in this Bill.

Hon. Mr. BALLANTYNE: I can give the honourable senator the information, but I do not know whether it is in order for me to do so.

Hon. Mr. LACASSE: It is not, but I should like to have that information.

Hon. Mr. KING: The Bill will stand for third reading to-morrow, and I will see that the necessary information is then available.

Hon. Mr. MARCOTTE: Will this Bill be referred to the Banking and Commerce Committee?

Hon. Mr. KING: I do not think it necessary, but, if desired, we can refer the Bill to that committee this afternoon.

Hon. Mr. BALLANTYNE: I do not see that any useful purpose would be served in referring the Bill to the Banking and Commerce Committee, for, it being a money Bill, we cannot change it. I might say to my honourable friend that I have in my desk upstairs a comparison between the income taxes of Canada and England, and they are both pretty much the same.

Hon. Mr. HOWARD: I agree with the honourable gentleman that, this being a money Bill, we cannot change it. I think the Bill might be given second reading to-day.

Hon. Mr. MARCOTTE: I have no objection to that, but I desire some information. Section 8 of the Bill relates to profits not liable to tax. The amendment brings within section 7 of the Act the profits of any corporation or joint stock company derived from the operation of any base metal or strategic-mineral mine which comes into production in the three calendar years commencing the 1st day of January, 1943, but this exemption extends only to the income of the first three fiscal periods of twelve months each commencing on or after the date of such mine coming into production. That is about five or six months from now. Suppose a mine comes into production three months from now. The company would be far better off to defer production until the 1st of January. Base metals are essential to our war effort, and consequently the country would suffer by this postponement of production. But I see at the bottom of the section these words: "The Minister may make any regulations deemed necessary towards carrying this paragraph (g) into effect." Would this give the Minister discretionary power to exempt the profits for the next four months?

Hon. Mr. HOWARD: Yes. No matter where you establish the dividing line it is bound to work hardship in certain cases; so the Minister is given discretionary powers.

Hon. Mr. ASELTINE: Let me point out how this legislation affects the Western farmer. I do not think anyone will say the war has increased the price of wheat, oats, and barley to the Western farmer,