

SECTION 6—Continued.

children, and three thousand dollars in the case of all other persons, shall, on behalf of such taxpayer, deduct and withhold an amount equal to the normal tax payable upon the same under this Act, and shall pay the amount so deducted to the Minister, and shall also make and render a separate and distinct return to the Minister of such gains, profits or income, containing the name and address of each taxpayer.

(2) When the income tax of a taxpayer is withheld and deducted under the provisions of this section, such taxpayer shall not receive the benefit of any exemption or deduction under this Act unless he shall, not less than thirty days prior to the day on which the return of his income is due, under section seven hereof, (a) file with the person who is required to withhold and pay the tax for him a notice in writing claiming such exemption or deduction and thereupon the tax to the extent of such exemption or deduction shall not be withheld from such taxpayer, and, (b) file with the person aforesaid and with the Minister such return of his income and a statement of the deductions and exemptions as the Minister may direct.

No exemption unless notice given and return made.

MR. A. K. MACLEAN: *Would the Minister briefly state the purpose of this section and how and when it could be utilized? Could you use it for instance in the case of brokers on an exchange?*

SIR THOMAS WHITE: *This section covers a class of trustees in whom securities are vested in trust to pay over the income. It is to ensure that the Government will get the tax from that source. We look to the trustees. Of course, if he pays it on behalf of the beneficiary, the beneficiary is made the allowance. This is taxation at its source.*

MR. MCKENZIE: *Is there anything in the Bill to cover estates? There are in this country large estates where money is accumulating, perhaps by reason of the children not being of age.*

SIR THOMAS WHITE: *A trustee, having property vested in him and having an income in respect of it, is liable to pay. If he pays, in respect of the share of income which the beneficiary receives, the beneficiary receives credit for that payment; but if, under the conditions of the trust under which he is acting, he gets income which he accumulates for those who may come into being, say a generation from now, he is liable as a person in respect of that income, so that estate is taxed.*