

with a deduction for the amounts paid in during the period in which the fund was being built up. That is the general plan. The employer's contribution and the employee's contribution which go into an approved pension plan are deductible currently, but the pension is fully taxable when paid out.

Hon. Mr. HAIG: Correct.

Hon. Mr. FOGO: Perhaps this is not a proper question to ask Dr. Eaton, but I was wondering if the subject matter of this clause could not have been expressed in more simple language. I refer now to subclause 3 of clause 5. The subject matter seems to be comparatively simple, but the drafting is so complex one can only follow it with great difficulty.

Dr. EATON: Well, all I can say is that this has been approved by the Department of Justice.

Hon. Mr. McKEEN: Is that an answer? They are lawyers, are they not?

Hon. Mr. HAYDEN: We are mainly concerned at the moment with what the section is intended to do, and if ultimately it should be held that it has not done that, then we expect the department to come back and ask for legislation to accomplish the intention.

Hon. Mr. FOGO: I was concerned with this point: It would be very desirable if a taxpayer could read this Act and understand it.

Hon. Mr. HAYDEN: I agree.

Hon. Mr. HAIG: There would be no work for the lawyers.

Hon. Mr. FOGO: I think the lawyers can look after themselves.

Hon. Mr. HAIG: I doubt it.

Hon. Mr. McKEEN: The point is, if in the excess of words the department has said something that may cause some lawyer or some judge to say that it does not do what the department intended it to do, then the taxpayer suffers. As long as this wording does what Dr. Eaton says it will do. I do not question it.

Hon. Mr. EULER: The interpretation as given by Dr. Eaton is satisfactory, but the question is whether he knows that that is the interpretation that is going to be given to it by the Income Tax Department.

Hon. Mr. HAIG: Before Dr. Eaton answers that I wish to say, Mr. Senator, that I asked in the house to have the *Hansard* reporters here today, and if the Income Tax Department tries to get around their explanations, they will have a lot of trouble doing so.

Hon. Mr. McKEEN: That will be a different department.

Hon. Mr. HAIG: No, it will not.

Dr. EATON: I am in the Department of Finance, but I think I may say that when these amendments are being considered and drafted it is done at a meeting of the representatives of the Department of Justice and the Department of National Revenue. The interpretation of the law does not rest with the Department of Finance. It is primarily concerned with policy. These bills are prepared with the three departments sitting together. I certainly can offer no guarantee as to what interpretation will be placed on this clause.

Hon. Mr. EULER: But you are agreed on that interpretation?

Dr. EATON: Yes.

Hon. Mr. HAIG: They were all present.

The CHAIRMAN: Are you agreeable to this, Senator Fogo?

Hon. Mr. FOGO: Yes, Mr. Chairman, but I was going to suggest that we might substitute the explanatory note on the right hand side.

The CHAIRMAN: You agree that the new subsection shall carry?