

the wisdom of the amount at the present moment. If the husband and wife are going to be entitled to an exemption of \$3,000 each—I speak purely from the point of view of my own province—any lawyer with the least skill could so handle vested funds as, to a very great extent, deprive this Act of its usefulness. The Finance Minister instanced as a parallel the Succession Duties Act, but I do not think that the comparison is on all fours. To avoid the Succession Duties Act in Ontario, a man has to deprive himself of the corpus of the fund. But to avoid this Act, if the Act is to continue as drawn, all a man would have to do is draw an assignment effective for the term of one year in relation to any stock, mortgage, or security and have the interest on that fund made payable to his wife.

Mr. C. A. WILSON: That would amount to fraud.

Mr. NICKLE: No, it would not be fraud at all. The Act is drawn so that each married person shall be entitled to an exemption of \$3,000. All a man with an income of \$5,700 would have to do would be to transfer by assignment \$2,800 of his income to his wife. That family would then be exempt entirely as to income

Mr. McCRAANEY: If that course were pursued, the money which was transferred to the wife would be held in trust by her for the husband. I do not see that it becomes any less the income of the husband simply because, without consideration, it is handed over to the wife in that way.

Mr. NICKLE: If it were transferred to the wife and vested in her as a trust, I quite agree. But if the assignment were made as a gift to her as separate estate, free from any control on the part of the husband, under our Ontario law, which my hon. friend knows as well as I do, it would be vested in her as separate estate, the property of the wife. The law in Ontario makes a wife absolutely independent of her husband as to her separate estate, and the assignment of income to the wife would surely make that her sole property and certainly render it free from income tax.

Mr. McCRAANEY: I do not think the question of separate estate comes in at all. Suppose a portion of the husband's income were given to me instead of to the wife; I would hold it in trust for the person who made the assignment. It would still be the income of the person making such assignment without consideration.

Sir WILFRID LAURIER: The principle of this Bill is that any person who has an income is liable to taxation. Any person liable to the income tax has a right to exemption. A person having an income of \$10,000 is liable to the tax subject to a certain exemption. It is illogical to say that any person who is liable to the tax is not liable also to the right of exemption.

Mr. MIDDLEBRO: In the case of income received by both husband and wife, the wife is given \$3,000 exemption because she is a member of and maintains the household. The husband is given also an exemption of \$3,000, because he maintains the same household. The effect of this legislation would be to allow \$6,000 for the maintenance of one household in some cases and \$3,000 for the maintenance of one household in other cases. That seems to be very unfair.

Sir WILFRID LAURIER: Apparently the first principle is that every person is liable to taxation according to the extent of his income. If he is a married man and his income does not exceed \$3,000, he is not liable to taxation. If it exceeds that amount, then he becomes liable.

Mr. MIDDLEBRO: Every person is liable to taxation because he has an income. If a man is married, we increase the exemption from \$2,000 to \$3,000, because he is married and has a household to keep up. The effect of this legislation is to make the wife practically as much liable as the husband, because she is given \$3,000 to keep up the same household as the husband.

Sir THOMAS WHITE: May I suggest that we reserve this discussion until we come to the exemption clauses? In the meantime, we can all consider the question and deal with it as we may deem proper.

Mr. KNOWLES: As I am somewhat doubtful whether I shall be here when we reach those clauses, I would like to say a word in regard to the question of double exemption. The principle of this provision is that certain people with separate incomes are entitled to separate exemptions. That is a highly technical question. While we must not presume fraud on the part of our citizens, at the same time, in regard to the collection of money and taxes, we must anticipate that there will be certain possible debtors who may by fraud or quasi fraud endeavour to evade payment, and I am afraid there will be numerous cases in which the husband and wife will connive to