

Hon. Mr. HAYDEN: No, I think it is a remedial section and will be very welcome to some people. It increases the exceptions from the general rule of having to include everything in income. I think the same applies to the whole section.

Section 1 was agreed to.

On section 2 (1)—“loan to shareholder”.

Hon. Mr. CAMPBELL: Paragraph (c) adds the words “from the corporation”. The purpose of the paragraph is to prevent a person from using the surpluses of a corporation to buy out the interests of the majority shareholders. The section, as originally intended, was to induce officers or servants of a corporation to buy shares of capital stock from the corporation.

Hon. Mr. HUGESSEN: That is unissued shares?

The CHAIRMAN: Treasury shares.

Hon. Mr. CAMPBELL: Yes.

The CHAIRMAN: Subsection 2 of that section refers to the time with respect to the application to loans.

Section 2 was agreed to.

On section 3—“exceptions”.

The CHAIRMAN: This is a relieving section.

Hon. Mr. HAYDEN: It goes back into the Income War Tax Act, but as it is a relieving section, it is all right.

Section 3 was agreed to.

On Section 4—“deductions allowed”.

Hon. Mr. VIEN: Will you explain that section, Mr. Chairman?

The CHAIRMAN: This is a long section dealing with allowable deductions, the first part of which I notice deals with a provision which was announced about budgets some time last year, changing a practice which had been in for a short time of charging clergymen in respect of the rental cost of their residence. That provision is contained in subsection 2.

Hon. Mr. HAYDEN: I think it goes so far as to apply to clergymen who actually own the place in which they live. The subsection is remedial.

Section 4 (1) and (2) were agreed to.

The CHAIRMAN: Subsection 3 deals with lessee's shares.

Mr. GAVSIE: That is just a correction in legislation. The legislation, by error, referred to “section” instead of “subsection”. There is no change otherwise.

Section 4 (3) was agreed to.

The CHAIRMAN: On section 4 (4)—“banks”.

Hon. Mr. MORAUD: That is all right.

Hon. Mr. HAYDEN: You will correct the error in printing, where it says “blank”.

Section 4 (4) was agreed to.

On section 4 (5)—“relieving telegrapher's and station agent's expenses”.

Section 4 (5) was agreed to.

On section 4 (6)—“salesmen”.

The CHAIRMAN: Subsection 6 deals with the expenses of salesmen.

Hon. Mr. HAYDEN: Well, the new part is (d), is it not?

The CHAIRMAN: And if he was not in receipt of an allowance for travelling expenses.