

that money immediately for the payment of his property and for the development of the country, and it is not unfair that he should be exempted to the amount of \$2,000. If I were going to say anything I would exempt the married man a little more than he is now exempted, rather than reduce the exemption to the single man. We must remember that the conditions in Canada are not the conditions of England, England is a self-centred, small, compact country, and there is no man in England who is settled out miles and miles from any settlements, with the hardships that are undergone by men who go into our new country to open it up. Conditions here are altogether different from those in England. There they have the moneyed classes, divided into three or four different castes. We have nothing of that kind here. We want to have some system of taxation that will bear as equally as possible upon all classes.

I am not sure as to the working out of the measure, and I agree with the Finance Minister that what he estimates as to the income from this tax can only be an educated guess, or perhaps an uneducated guess in this instance. This kind of taxation has never been imposed in Canada except through the provinces and municipalities, and without being at all harsh, I think it is fair to say that this imposition has been somewhat loosely made in some province and in many municipalities. It will depend altogether upon the machinery that is provided in the Bill for ascertaining the incomes that are being obtained throughout this country. The explanation of the Finance Minister as to the exemptions of incomes that have been affected by the business profits war tax is a bit intricate, and, while I think I understood it, I prefer not to deal with it until I see it in cold print and have an opportunity of reading it. I think the Government has made an advance step and I am not going to chide them for not doing so before. I shall simply say that if they had started sooner, they would have been farther along the road at the present time.

Mr. NESBITT: Does the minister propose to deduct the amount of the income taxes, paid to the provinces and the municipalities?

Sir THOMAS WHITE: No, that is not the intention, a man may be liable upon his income for municipal taxation, for provincial taxation and for Dominion taxation under this measure.

Mr. NESBITT: As I understood, if a corporation pays more under the present business tax than it will pay under this measure, it is exempt under this measure.

Sir THOMAS WHITE: Yes, it is exempt under this proposed legislation. A firm or corporation which is liable to pay the Business Profits War Tax for an accounting period ending within this year will be permitted to deduct from the income taxation to which it would be liable under this measure the amount which it pays under the Business Profits War Tax Act in respect of that accounting period.

Mr. MACDONALD: In considering the deductions made, are subscriptions to the Patriotic Fund taken into consideration?

Sir THOMAS WHITE: In the Bill which I shall lay before the House, a man will be entitled to deduct from his income, as part of his expenses, his contribution to the Patriotic, Red Cross, and other war funds approved by the minister. That does not mean that he will be allowed to deduct that amount from the taxation to which he is liable. Let me put it this way: Suppose the income upon which a man would be liable under this Act is \$10,000. Assuming that he has contributed \$1,000 to those funds, he would be liable, under the Bill as I shall present it to the House, to income taxation upon \$9,000. That is a matter which will, no doubt, be discussed in committee, and upon which I have an open mind.

Mr. MACDONALD: I have seen conflicting statements as to the total expenditure of the Government for war and other purposes. Information of that kind should be available in considering this measure.

Sir THOMAS WHITE: Of course, our war expenditure is very heavy and is growing rapidly from day to day, notwithstanding the fact that we are making fair headway in our payment on account. In anticipation of the question which the member for Pictou (Mr. Macdonald) has asked, I had a statement prepared by the assistant deputy minister as to the outrun since April 1 of this year. My Budget speech practically covered the fiscal year ending March 31. My hon. friend will recall that as a result of last year's operations we paid our running expenditure, our capital and special expenditure, the interest upon our national debt, including the increased debt due to the war, and all pensions. In addition to that, we were able to devote \$60,000,000 to payment upon principal account. The statement which I have