Again today, on reading *Le Devoir*, one can see the dissatisfaction evident at the CICA convention about the new tax system, and I quote:

Dissatisfaction was expressed over the weekend with regard to the new federal tax system at the convention of the Canadian Institute of Chartered Accountants.

Most Canadians, it was stated, will benefit, but the small businessmen, the professionals, the self-employed and the investors will have a hard time figuring out their taxes.

The firms that will benefit from tax reductions will find any advantage greatly reduced due to the complexity involved in their bookkeeping and the interpretation of the law.

When an accountant has to read the whole bill and study it in depth, he will end up feeling a little like us:

I quote further:

Mr. I. H. Asper, editor of the tax column, stated that the public does not realize the complexities of the new bill: the tax expert will become more important, especially to the small enterprises with private capital.

He gave several examples to show that small enterprises will have to take a close look at their tax situation in order to protect their working capital.

Thus, said he, things will become very complicated at the time of the decease of the owner of an enterprise or farm; under the new system, the father's estate will be deemed to have sold its interests and will have to pay taxes on all capital gains realized at the time of the decease.

That is exactly what the government is doing today: after taking from the living, it will catch after death those who succeeded in escaping its tentacles. The provisions on succession duties will be the ones to give the fatal blow to private enterprise or family farms. The article goes on to say:

Since no real sale will have taken place, the family will have to find the money for taxes.

The first thing to do will be to pay taxes even before the burial.

The situation will only be worse if the provincial government imposes estate taxes in addition to capital gains tax at the time of death.

That is the scheme of the two governments.

Mr. R. A. Lachance from Montreal said that the federal tax proposals threaten to slow down real estate investments and reduce the amounts of Canadian capital normally invested in Canadian enterprises.

He recalled that the government does not want any more tax exemptions based on property depreciation, and he added:

"It seems that clever taxpayers will still be able to hide some of their income, so there will not be any of the much needed money for real estate.

The new taxation for non residents in Canada who have large interests in Canadian companies may force those companies to seek the required capital in Canada and not abroad".

• (5:30 p.m.)

This statement, as well as the dissatisfaction shown by the CICA, according to the item that I have just quoted from *Le Devoir*, should remind the government of the dissatisfaction of the people with Bill C-259 designed to amend the Income Tax Act.

Moreover, I myself have received, after certain studies, and after the representatives of our local organizations and groups appeared before the committee, the following telegram from La chaîne coopérative du Saguenay, that is from Saint-Bruno:

La chaîne coopérative du Saguenay is greatly disappointed with the Finance Minister's decision to maintain concept of capital employed as basic principle for taxation of co-operatives. This concept goes against very principle of co-operatives and becomes even more inequitable by new provisions of clause 135 in Bill C-259 which changes calculation method of capital employed. We feel there is no other example in the world of the application of concept of capital employed in any tax system. Adoption of this concept will result in weakening our co-operative financial structure and reduce possibility to give fair returns to our members. We do not expect any special treatment but ask that taxation system respect structure and management of co-operatives. Saguenay co-operative chain affiliated to Quebec Coopérative fédérée represented within delegation meeting with Finance Minister August 11, 1971 to suggest alternative taxation system for co-operatives which would not endanger very life of such institutions. Request your support with Finance Minister to obtain amendments to bill according to recommendations made by co-operatives.

Léopold Harvey, President La chaîne cooperative du Saguenay Saint-Bruno, Lac-Saint-Jean.

And here is another one I received from the Roberval Co-Operative Stores:

Roberval Magasin Coop strongly against amendment to Income Tax Act Section 135 as suggested Bill C-259. Roberval Magasin Coop unable to raise necessary funds for reimbursing capital and paying patronage dividends under new provisions Section 135. Evident that if our co-operative must spend more capital than it receives, it will have to cease operating within a few years. The Roberval Co-operative Store supports the demands of Le Conseil canadien de la coopération . . .

This shows, Mr. Speaker, that the famous clause 135 of the bill goes entirely against the principle of credit unions which are, in short, owners. They are not ordinary corporations which sell shares, but merely owners. I have in hand a copy of a letter sent to the right hon. Prime Minister (Mr. Trudeau). As far as I know, the Prime Minister did not table that letter in committee. Anyhow, it reads as follows:

Mr. Prime Minister,

As a result of the Benson white paper on tax reform proposals, the representatives of the Caisses populaires Desjardins and the Co-operative Movement of Canada have met with the members of a joint committee of the Senate and House of Commons, in order to discuss with them the integration of credit unions in a new tax system proposed by the Benson report.

We would like to give you some particulars which will enable you to understand better the co-operative fact and the reasons for our recommendation to the said committee.

We are not seeking any special tax privilege. We are convinced that the co-operative nature of the *Caisses populaires Desjardins* must be recognized as such so that it might get a better treatment and be covered more easily in Minister Benson's white paper.

The following pages will show that, on the one hand, our position is motivated by the active co-operation we intend to maintain in order to continue participating in the economic development of our country and that, on the other hand, government revenues will not be reduced as a result of the integration formula which we propose. In addition, our position will lower the cost of collecting taxes from credit and savings unions.

The proposals of the *Caisses populaires Desjardins* and those of the white paper were annexed to this letter. I quote:

Until now the Caisses populaires Desjardins have not had to pay tax on their annual operating surplus which is charged to their reserve funds and which cannot be divided among members and does not create any capital gains on members' shares.

Members form a group to obtain services at cost, for surpluses over costs are redistributed as patronage dividends or interest adjustments to members.