

*Oral Questions*

**Mr. Martin (LaSalle—Émard):** Yes, and quite well too.

Will the Minister give the House the assurance today that this new sales tax will not apply to new homes, homes up for resale and rental accommodation?

[English]

**Hon. Alan Redway (Minister of State (Housing)):** Mr. Speaker, as the Hon. Member is aware, real estate industry builders, salesmen, and all members of the real estate industry have been making submissions with respect to the national sales tax for some time. It is of great concern to all of the industry and it is certainly of great concern to me and the Government. I know the Minister of Finance is taking all of these representations into close and careful consideration.

As the Hon. Member is aware, the Minister made a statement in November with respect to the imposition of the tax and the question of affordability. I am sure that that undertaking will continue to stand.

**Mr. Martin:** Mr. Speaker, the Minister is backing off from very clear statements of protection for affordable housing that he made on a number of occasions prior to the election.

**Some Hon. Members:** Hear, hear!

## TAX REFORM—MINISTER'S POSITION

**Mr. Paul Martin (LaSalle—Émard):** Mr. Speaker, there is a chronic shortage of housing in this country. Canadians cannot afford shelter. Shelter is in jeopardy and thousands of Canadians will lose any possibility of owning a home if this sales tax goes through. This Minister and the Minister of Finance stated that there will be no negative impact on affordable housing from sales tax reform.

Will the Minister of Finance be more forthcoming than the Minister of Housing? Will he explain how the price of housing will not go up if the sales tax is imposed? Will he also tell us whether this sales tax will be imposed on mortgages, insurance on mortgages, materials that go into new housing and on real estate and legal fees? In other words, will he tell us that the cost of housing will not go up because of this hidden tax?

**Hon. Michael Wilson (Minister of Finance):** Mr. Speaker, it is great to see the Hon. Member in full flight. I know that that will be put to good use in the months to come.

**Some Hon. Members:** Oh, oh!

**Some Hon. Members:** Hear, hear!

**Mr. Wilson (Etobicoke Centre):** The Hon. Member has asked a serious question. I have made clear statements in the past as to the impact of the new sales tax on the affordability of housing. I stand by those statements. They are there in print for the Hon. Member to see if he cares to look at them. The Hon. Member is asking some very specific questions about the formulation of a tax. He knows that I cannot be any more specific at this time.

\* \* \*

## REVENUE CANADA

## COLLECTION OF TAX ON KICK-BACK PAYMENTS

**Mr. Lorne Nystrom (Yorkton—Melville):** Mr. Speaker, my question is for the Minister of Finance. He is aware that as Minister of Finance he allows individuals and corporations to deduct bribes, kick-backs and under-the-table payments from income tax. Yesterday the Minister of National Revenue, to his credit, said he found this practice to be offensive.

Since the Minister of Finance is responsible for tax policy in this country, does he agree with his colleague that this is, indeed, a very offensive practice, and will he put an immediate end to it?

**Hon. Otto Jelinek (Minister of National Revenue):** Mr. Speaker, yesterday I said that I found the interpretation of the Act offensive as outlined in a circular first presented in 1976 by the former Liberal Government.

**Some Hon. Members:** Oh, oh!

**Mr. Jelinek:** I also said that I would look into the matter. Since yesterday I have had an opportunity to review the situation personally and find that the interpretation is not only offensive but morally and ethically unacceptable. As a result, after discussions with some of my Cabinet colleagues, particularly the Minister of Finance, we have concluded that the Government will be making some legislative changes in order to allow us in Revenue Canada to change the offensive wording of the interpretation.

I am, therefore, today withdrawing this circular to begin the process of rewording it in accordance with legislative changes.

**Mr. Nystrom:** Mr. Speaker, I thank the Minister for his promptness. Perhaps the Prime Minister could learn from that example.