

Mrs. McDougall: Mr. Chairman, I would like to amend subclause 35(5). I move:

That the French version of subclause 35(5) of Bill C-7 be amended by striking out line 35 on page 48 and substituting the following:

«de l'avis d'un médecin, la personne»

The Chairman: Shall the amendment to subclause 35(5) carry?

Mr. Gray (Windsor West): Mr. Chairman, I rise on a point of order.

The Chairman: Yes, the Hon. Member for Windsor West on a point of order.

Mr. Gray (Windsor West): I am given to understand that the motion to amend in this way should be moved by another member. If I am wrong, I will gladly withdraw the question, but I wonder if you can advise us on that.

● (1530)

The Chairman: The Member is correct.

Mrs. McDougall: I am sorry, Mr. Chairman, that was not our understanding.

Mr. Epp (Provencher): Mr. Chairman, I would move:

That the French version of Subclause 35(5) of Bill C-7 be amended by striking out line 35 on page 48 and substituting the following:

«de l'avis d'un médecin, la personne».

The Chairman: Shall the amendment carry?

Mr. Gray (Windsor West): Mr. Chairman, perhaps I could ask the Hon. Minister to put on the record the reason for the amendment.

Mrs. McDougall: Mr. Chairman, the amendment was necessary because in the original version the French and English were not precisely the same. The change was made so that the French version reads the same as the English version.

The Chairman: Shall the amendment carry?

Some Hon. Members: Agreed.

Amendment agreed to.

The Chairman: Shall Clause 35 as amended carry?

Some Hon. Members: Agreed.

Clause 35, as amended, agreed to.

Clauses 36 to 39 inclusive agreed to.

On Clause 40—

Mr. Orlikow: Mr. Chairman, I would like to ask the Minister whether, under the provisions of this clause, it will be permissible for people like doctors, lawyers and accountants, to mention just three, to qualify as small business people and therefore pay taxes at the rate of just 25 per cent?

Income Tax Act

Mrs. McDougall: Mr. Chairman, this will bring these professionals into line with other professionals who are taxed at the small business rate. I might add that this rate only applies as long as the money stays in the business. If the money is withdrawn, then there is another tax, which means a normal rate would apply.

Mr. Orlikow: Mr. Chairman, I do not claim to be an expert in taxation but I do not understand what the Minister is saying. I am asking a very simple question. Will doctors, lawyers, accountants and, I suppose, engineers be able to classify themselves as small business people and therefore pay income tax at the 25 per cent rate rather than, let us say, 35 per cent, 40 per cent or 50 per cent if their income puts them in that classification?

Mrs. McDougall: I apologize, I thought I had answered the question. If those people incorporate, then the corporation pays the small business rate of tax so long as the funds remain in the corporation. When the funds are withdrawn so that the professional takes them into income, then they are taxed up to the higher level. It only applies to an incorporated professional when the funds remain inside the corporation.

Mr. Orlikow: Mr. Chairman, here we have a government with a phobia about the deficit. It says to Parliament and the people of Canada that we have to cut various essential services because we cannot afford them. We have this tremendous deficit. Mr. Chairman, a big part of the reason we have these tremendous deficits is that the Income Tax Act is riddled with hundreds of sections which permit special groups to get special consideration so that they pay less than they should be paying. We have the banks, the most profitable corporations of this country, paying a smaller rate of tax than the bank teller pays in income tax. This goes all through the system, and I think it is time that the Government and Parliament faced up to this.

We learned something from a royal commission appointed by an earlier Conservative government under Mr. Diefenbaker, the Carter Commission, which brought down a report which said some very fundamental things about income. A dollar of income is a dollar of income regardless of how you get it. It is just dead wrong to assess people whose income is earned through wages or salaries at one rate, and assess people with income from investments at another rate.

Let me give you one example, that of the child tax credit. A person is permitted to deduct up to \$1,000 in child expenses. That is a gift to the rich, because the person with a high income will save \$500, a person with a medium income will save \$250, and a person with a low income who has the expenses will save virtually nothing. I raise that as just one illustration of what is wrong with the tax system.

I know I speak for all members of my Party when I say I object very strenuously to this clause which will permit doctors, lawyers, accountants and other professionals this tax break. They do very well, better than most Canadians. They are in the highest income brackets in this country, and I object