

*Excise Tax Act*

cent. Everything that we do, everything that we touch, every service that we receive will suddenly become taxable.

This Bill puts a lie to the statement of the Minister of Finance on October 23 when he said he was going to simplify our tax system and make it more fair and equitable. It is clear that this Bill does not do that.

[Translation]

**Mr. Lorne Nystrom (Yorkton—Melville):** Mr. Speaker, I would like to say a few words about the Bill before the House today. It concerns a very important matter, namely income tax. As Canadians, we all have to pay taxes in this country. Unfortunately, the tax burden on the poor and the middle class in this country is particularly heavy. The Bill before the House will certainly not do anything to improve a situation that will get even worse with Bill C-14.

[English]

I would like to give a number of reasons why that makes it worse for ordinary Canadians. Bill C-14 resulted from the Budget presented in this House on February 27, 1986. This Bill contains a 1 per cent increase in sales tax for all Canadians. We presently have a manufacturers' sales tax of 7 per cent on construction materials, cable and pay television services; a 14 per cent sales tax on alcoholic beverages and tobacco; and an 11 per cent tax on all other taxable goods. This Bill will increase the tax on construction materials from 7 per cent to 8 per cent, the tax on alcoholic beverages and tobacco from 14 per cent to 15 per cent, and the tax on other taxable goods from 11 per cent to 12 per cent. These tax increases will affect all Canadians.

The research we have done on this indicates that the increased cost of this Bill for the average family will be approximately \$150 a year, in addition to an increase of \$20 in excise taxes and duties. That is a considerable increase for the poorer people, the working poor, single parent families and other such people.

There has been a shift in Government taxation policies in the last couple of years. I have noticed that during the last two years the Conservative Party has increased more rapidly the revenue it generates from sales taxes and excise taxes than the revenue it generates through individual and corporate taxes. For example, sales and excise tax increases have yielded more than twice the amount of revenue drawn from changes to personal income tax and more than four times the revenue drawn from corporate income taxes. More than twice as much money is now generated from sales and excise taxes as from individual taxes, and more than four times the amount generated from large and small corporations.

Since the Conservative Party came into power in September of 1984 there has been an average increase per family of \$1,305 for personal, sales and excise taxes. I classify an average Canadian family as one with approximately \$35,000 income and two dependent children.

[Translation]

Mr. Speaker, we have now had three income tax increases. It started with the Minister's economic statement in November 1984, when there was an increase of \$350 per year for the average Canadian family. Subsequently, the 1985 Budget brought us another tax increase for the average Canadian family, and this time it was \$325 per year. It was the second time we had a tax increase imposed by the Conservative Party in this country. The third time was in the last Budget brought down by the Minister of Finance (Mr. Wilson) in February 1986. At that time, the average Canadian family saw its taxes increased by \$170 per year. Mr. Speaker, this is a lot for the average family. It is a lot for Quebecers, for the people of Saskatchewan and for all Canadians.

• (1210)

[English]

As I said, there has been a reverse in the way the Conservative Party is taxing Canadians. Since the 1960s under successive Governments in this country, including the short-lived Conservative Government under the Secretary of State for External Affairs (Mr. Clark), we saw a declining rate in sales and excise taxes in relation to the over-all collection of taxes by the federal Government. That trend has reversed this year.

Last year some 22.3 per cent of the taxes raised were through sales and excise taxes in Canada. This year, rather than 22.3 per cent, the tax will be increased to 23.2 per cent.

There are three reasons why I am concerned about an increase in sales and excise tax rather than an increase in corporate tax or individual taxes paid by Canadians. First, a federal sales and excise tax is a hidden tax because it is put on the basic price of a commodity. The average Canadian has no idea that he or she is paying an additional tax to the federal Government when buying some goods or commodities. It is a hidden tax, unlike a provincial sales tax of 4 per cent, 5 per cent or 6 per cent which is up front and visible to all. In many cases Canadians have no idea that they are paying a federal tax.

[Translation]

As I see it, Mr. Speaker, the second aspect is that the sales tax, the excise tax levied on Canadians is totally unfair because, when buying a television, a refrigerator, a car or any household appliance, a customer has to pay the same tax whether he or she is poor, or earns an average salary, or is a millionaire. An excise tax or a sales tax is simply unfair.

A Member who gets \$70,000 a year and a working man or woman earning \$15,000 or \$25,000 annually pay the same tax on anything they buy. Mr. Speaker, this is altogether unfair to ordinary Canadians throughout the country.

[English]

That is the other reason why this sales tax increase is very unfair.