

PROPOSED GOODS AND SERVICES TAX

Mr. Jim Karpoff (Surrey North): Mr. Speaker, my question is directed to the Minister of Finance. A major potential loophole for evading the goods and services tax is now emerging around land and housing.

Developers will, prior to the GST being implemented, simply transfer land and houses into a numbered company and then sell the shares of these companies. Of course, the sale of shares is exempt from the goods and services tax. In view of the mounting opposition to the goods and services tax, the increased confusion around the implementation of the tax, including statements made by the chairman of the finance committee on taxing new houses, the statements made by the Auditor General about the inability of the government to collect the tax and now a major loophole in the ability of the government to collect the tax on housing and land, will the minister withdraw this ill conceived goods and services tax?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I have read of the comments made by certain people in the housing sector. The advice that I have received is that that is a very, very limited opportunity. We are grateful to receive this type of advice during the consultation period, before we put final legislation to the House, so we can address this type of problem and other problems which are bound to develop as people get a better understanding of the tax. That clearly is a reason why it is important that we have this period of consultation and why we get to Canadian individuals as much information as we can about the nature of the tax.

Mr. Karpoff: Mr. Speaker, what is obviously happening is that they are giving out the information to help their friends evade the tax.

In British Columbia holding companies have been purchasing buildings in order to avoid the 1 per cent sales tax on the provincial property. There is a 1 per cent sales tax on property in B.C. and they have been putting the buildings in the names of holding companies. If this is done to avoid a 1 per cent sales tax, it will certainly be done in spades for a 9 per cent tax.

Oral Questions

Can the Minister of Finance now tell us how he intends to plug this major loophole in his goods and services tax?

Mr. Wilson (Etobicoke Centre): Mr. Speaker, the hon. member talks about a 1 per cent tax in British Columbia on housing. There is today an existing sales tax which is levied at the effective rate of between 3 per cent and 4 per cent on the purchase of a new house. This is not something that is not new. What we are trying to do is develop an equitable tax, a fair tax that is going to be balanced across the board and one that will avoid the loopholes that the hon. member has referred to.

On the question of loopholes, let us also not forget that in the existing federal sales tax there are 75,000 tax collectors. There are 22,000 special deals between Revenue Canada and those 75,000 tax collectors. That demonstrates clearly that the existing tax is riddled with loopholes and the hon. member should be on his feet telling us to get on with changing the tax from the existing tax which people can take advantage of and put in a new tax that is fair and is not going to have this type of loophole.

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THE SENATE

Miss Deborah Grey (Beaver River): Mr. Speaker, my question is for the Prime Minister on his stopover. Albertans have been anxious for the Prime Minister to return and celebrate the political reform that has begun in his own country.

In light of an overwhelming victory on October 16, indeed over a quarter of a million votes for one man, when, not if but when can Canadians expect to hear of Mr. Waters appointment to the Senate of Canada?

Some Hon. Members: Hear, hear!

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I see applause from the Liberal party. I thank my hon. friend for the question. I have, as the hon. member elegantly pointed out, just returned and—

Some Hon. Members: Oh, oh!

Mr. Mulroney: —I have a strong urge to leave again.

Some Hon. Members: Hear, hear!

Mr. Axworthy (Winnipeg South Centre): Best news we've heard all day.