

Income Tax Act

were not applying for benefits because they were overwhelmed by the complexity of the tax system. Under this new system there will be an automatic distribution of the money, and under the tax reform proposals which will come to the committee next month I am sure we will see a much simpler income tax form.

Finally, once again I would like to congratulate the Government for listening to the unanimous recommendations of the all-Party committee and acting so quickly to bring in this Bill which we are discussing today.

The Acting Speaker (Mr. Paproski): Questions and comments?

Mr. Gauthier: Mr. Speaker, I would like to ask a question of the Hon. Member. The Bill proposes that if the payment is higher than that to which the individual concerned is entitled, the Government will require that the excess not only be repaid, but that interest will apply to that excess beginning April 30. We in the Liberal Party would like to see this amended so that only the excess paid be recovered, and I wanted to ask the Hon. Member what he thought about that. This is an important point because low-income families, at least in my riding, who are entitled to the child tax credit, the ones who are going to get this prepayment of \$300 in November, surely cannot be expected to pay interest on that money if for some reason their income for the year was such that they were not entitled to receive the amount they did. Would the Hon. Member agree with us that the excess can be recovered by the Government but that charging interest is pushing it a little too far?

Mr. McCrossan: No, Mr. Speaker, I do not agree with that. This Bill proposes to make an advance payment of two-thirds of the amount of the child tax credit to low-income families, those who earned less than \$15,000 in the previous year. Families will receive the child tax credit until their income is significantly above that amount, and the amount of the child tax credit will decrease fairly slowly as income rises. What we are talking about is someone who was in very dire straits the year before but whose circumstances have improved substantially during the course of the current year. For example, the recipients in November or December of this year will likely know full well whether their income has jumped from below \$15,000 to above \$25,000 and whether they will be at the level at which the child tax credit decreases substantially. You will obviously be very aware of your situation if your income has jumped by over 60 per cent. I do not think it is unrealistic to ask that those people recognize that this is an advance and return it as quickly as possible if they no longer qualify for it.

• (1150)

Mr. Gauthier: Mr. Speaker, I understand the point the Member is making. However, he forgets that the people to whom this prepayment is addressed are those who have possibly had changes in their family status during the year. For example, there may have been a death of a child which the Government would not know about. The child care situation

may have changed during the year. The income tax department makes a mistake, and it may have done just that, yet that individual will receive that money and will be charged interest in the following year if he was not entitled to it. I think it is quite reasonable that the amount to which people are not entitled be recovered. However, many of these families are not familiar with the complexities of the income tax system and I do not understand why they should be asked to pay interest on something they did not ask for and which has been given to them because we think they need it. Why should we charge them interest on moneys which should be recovered?

Mr. McCrossan: Mr. Speaker, I would like to thank the Hon. Member for posing that question because it highlights an important part of the Bill. He asked hypothetically whether if a child has died during the year the family will receive the money without knowing they are not entitled to it. Under the administration of the previous Liberal Government, which the Member represented, if a child died during the year the family would lose the child tax credit. One of the important provisions of this Bill is that if a child dies during the year the family keeps the child tax credit. The premise of this question is flawed because we have corrected the very problem about which he posed his question.

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, I listened carefully to the interventions made yesterday. I apologize to the last speaker for not having heard his intervention due to another commitment.

I fully understand the necessity for government Members to highlight the positive aspects of this Bill. Quite frankly, I am very disturbed by this Bill because if you analyse it in isolation, Bill C-11, which provides for the prepayment of the child tax credit, seems to be a step in the desirable direction. However, if you look at it in conjunction with income security and the policy that we would like to develop for Canadians for the future, you must regrettably conclude that this is only public relations to create an impression of government action and improved conditions but which actually makes no progress at all.

The Member for Laval-des-Rapides (Mr. Garneau) and the Member for Montreal—Sainte-Marie (Mr. Malépart) made interventions on this yesterday which I thought addressed very well the technicalities of this Bill and some of its shortcomings. I would like to add to those interventions an observation with regard to discounting. The provision of two payments per year instead of one per year allows for greater exposure to discounting practices. Why does the Government not accompany this Bill with a measure to eliminate, as has been done in the United States, the practice of allowing the discounting of government cheques, thus eliminating the losses thereby incurred?

I would have preferred if the Government had taken an approach which would have given Canadians the total picture rather than creating a false impression. There is nothing in this Bill about improving the redistribution of income in Canada.