

the rules of this House, is not to be debated before it is tabled in this House of Commons. Some members on the other side have faulted me on that ground because I talked to the provincial ministers of finance before the budget. The members of my party do not have an opportunity to talk about the tax bill beforehand. The only occasion they have is when we are in committee of the whole. As in second reading, the time in committee of the whole has been taken up much more by the opposition. The members on this side of the House are very able and sometimes can make better contributions than the hon. members opposite.

Mr. Stevens: Mr. Chairman, before I raise a couple of questions on clause 32 I hope the minister will not forget when he cites the number of days the various debates have taken with respect to this bill, that the hard truth is his own followers used up 35 per cent of the time at second reading when this bill was before the House. To say that we used up the time and that he had no alternative but to bring in closure, both at second reading and at committee of the whole, I would say is certainly not constructive, remembering that we now have only a few hours left due to the closure brought in by this minister.

Following my questions on clause 32 on Friday, I was wondering if over the weekend the Minister of Finance had any better luck in determining just how many small businesses may be caught with the new change. The thing my party is concerned about is that this provision was put in place presuming that many people would take advantage of it, and we initially felt that it was desirable. However, people have invested capital in small businesses only to find now that the ground rules are being changed and that the dividends they normally expected to get back from the small business still may flow, but if they do flow they will no longer be treated as a credit against the cumulative dividend account. In short, the small business may run over the \$750,000 basic limit which they were given in the initial proposal. How many small business corporations are we likely talking about? Even a ball park figure would help.

[Translation]

Mr. Chrétien: Mr. Chairman, I answered several times last Friday that we do not have an exact number. Moreover the intention underlying this clause is not to prevent small businesses from taking advantage of the preferential taxation level. This amendment will not prevent any small business from taking advantage of the preferential taxation level. This amendment will not prevent any small business from taking advantage of the tax rate it has to pay. What we want to do is prevent "holding companies"; there is no French equivalent, Mr. Chairman; I looked it up in the Larousse dictionary before coming into the House. This expression is an English creation, I imagine. We do not want large businesses which have larger tax responsibilities to benefit from the preferential tax rate for small businesses through holding companies. This is what we are seeking. We do not want to penalize any small business,

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and I think the impression created by the hon. member when he expresses himself in this manner does not reflect the truth.

[English]

Mr. Stevens: Mr. Chairman, our concern, which I have already expressed, is that there are many small businesses in this country which are able to win new capital funds from corporations that felt they would like, first of all, to invest in a small business and, secondly, that that small business would be free to pay dividends upstream to the corporations as they saw fit without impairing the position that small business is in if they were, for example, to pay that dividend to an individual. What I am trying to determine, having now got various investors such as I have described locked into position, is if the government could indicate the parameters of what we are talking about. Is it simply a hypothetical theory we are speaking of, these situations as the minister has indicated where there may be ten holding companies and they are all taking dividends upstream and that, rather than have a \$750,000 limit, it could well be \$750 million? Does the minister know of a concrete example and, if so, how many?

It is most unfortunate that venture capital has not been facilitated by this government to a much greater extent than has happened to date where small businesses are concerned. If this provision has been working well and if small businesses have been picking up capital in the way which I have described, I think it is most unfortunate that we now have the minister saying, "Oops, we made a mistake, there is a loophole there. We didn't really realize that corporations might take advantage of this type of investment and now we are going to plug the loophole." It is most unfortunate if, in plugging the loophole, they detract from the flow of capital which might ordinarily go into small businesses.

[Translation]

Mr. Chrétien: Mr. Chairman, the hon. member is asking me how many companies proceed that way. I do not know the exact number, but I know several companies have started using that tax evasion method. During the numerous consultations my officials have had with the community of fiscal advisers, expert counsel, accountants or consultants, they found out that tax evasion method was about to become abnormally prevalent and that is why they have decided to take immediate steps to put an end to that trend before it gives way to excessive abuses. Obviously, Mr. Chairman, we have no intention, as the hon. member for York-Simcoe would like to make believe, to prevent larger companies from investing in small businesses. They will have a right to do so and I will even say we hope they will do so increasingly. We just want to make sure they will not invest in small businesses to avoid paying the taxes they should normally pay.

[English]

Mr. Stevens: Mr. Chairman, I would like to give the minister an opportunity to correct what I think he unintentionally put forth, which is a terrible smear on people who have taken advantage of this section. The minister said that it was a tax