

Income Tax Act

The effect of the proposal before us, despite its good intentions—and no one doubts the good intentions of the Hon. Member—would run counter to the Government's effort to start putting our financial house in order so that we can better promote economic renewal and job creation. That is the background and the context from which we have to look at this motion of the Hon. Member for Chateaugay.

A recent experience under the Liberal Government proves that it is important to create and maintain a policy of treating taxpayers with fairness, sensitivity and respect. Revenue Canada has the legal responsibility of enforcing the tax laws which this House passes, and so it must be firm. We all realize that. However, as well as being firm, it has to be fair. The two must go hand in hand in any taxing authority. Frankly, it is not clear from this motion that by its passage we would be firm and fair. It would have the Government abandon any effort to collect taxes that are legally owing for past years in cases where the taxpayer has made an error or omission in his or her return. It is not clear whether or not the sponsor of this Bill means that that is to cover only inadvertent errors or omissions or deliberate ones. On the face of it, the wording of the motion would include deliberate attempts to falsify returns or the omission to report income which should be taxable. I am not saying for a minute that there is a great deal of that, but this motion would have the effect of including deliberate attempts. I suggest that that is a large amnesty to be handing out under the Income Tax Act given the financial situation in which we find ourselves.

● (1710)

I would also note that the motion would not seem to provide the same amnesty to taxpayers who have declared all their income and whose tax returns are in dispute but who are simply, because of their economic circumstances, unable to pay the taxes owing. It would, however, provide amnesty for an unknown but very large amount of taxes owing on money from the so-called underground economy.

I suggest that the motion does not provide for fair and equitable treatment among those groups to which I have referred. It would certainly not be seen as fair by the vast majority of Canadians who have been paying their taxes fairly and fully, people who have been keeping their side of that unwritten social contract that exists between the Government and the citizens.

During the time of the MacEachen Budget of November, 1981, I found out from my colleagues in the accounting profession that there was a very real concern among the accounting firms of the country that by being unfair with taxpayers, the Government would drive the honest Canadian taxpayers, of which the vast majority of them are, into dishonesty. They felt that there would be a breakdown in the self-assessment of farmers, fishermen, lawyers, accountants, doctors and school teachers, and that breakdown would reach all the way up to the largest corporations in the country. The people in the profession were very much bothered by the fact that unfairness on the part of the Government would drive

businesses, quite frankly, to cheat. That would lead to a breakdown and to chaos in our tax system.

I must caution the House against doing anything which would seriously damage the fabric of the income tax system, that very important system that transcends all political Parties. The income tax system has nothing to do with political philosophy. The fact is that Canadians can be proud that we have a good system of self-assessment. That trust exists. We cannot afford to lose it.

There is a danger that there would be a feeling of unfairness and betrayal of confidence among those taxpayers who paid their taxes in full. That would be increased by the realization that an amnesty such as the one the Hon. Member suggests in good faith would mean writing off hundreds of millions of dollars of revenues owing to the Government. The lack of that money would increase the national debt. It would increase the deficit of which we are trying so hard to gain control and which weighs so heavily on the Canadian taxpayers and the federal Treasury.

If I may, I would like to return to the matter of the \$3.5 billion in overdue taxes which is owing to the federal Treasury. The Government is making efforts to reform the tax collection system along the lines of further fairness and firmness. The House will know that the Minister of National Revenue has put forward initiatives which will increase the collection staff of the Department and make a reasonable effort to collect more of those unpaid taxes. That is in the interest of all of us.

The total of that \$3.5 billion represents taxes that are not disputed. What we must do is to increase the number of collectors but also to increase the fairness with which taxes are collected. By increasing the number of people available to collect money, we will take the pressure off those who are there. That will give the tax collectors an opportunity to sit down with taxpayers who may very legitimately be short of funds and see if they could find a way for them to pay their taxes through a mutually acceptable method. We hope that this initiative will bring in an extra \$400 million in revenues that would not otherwise have been collected. We hope that by doing this, the revenues will be collected in a way which treats all taxpayers more fairly.

The Minister is insisting that taxpayers who are in real financial difficulty should be treated with compassion and decency. It goes without saying that under the Liberal Government, there was no compassion and decency when dealing with the Canadian taxpayers. Canadians are becoming more and more aware of the reforms that are being brought about in Revenue Canada's operations. It is our feeling that this is bound to give the taxpayers the feeling that they are being treated fairly and that they are not being asked to carry an unfair share of the burden.

I would point out that one of the single most important changes in the Income Tax Act will recognize the rights of taxpayers and will alter the Department of Revenue's collection procedure for the collection of disputed taxes. It is a reform that is long overdue. It is not something about which the former Liberal Government cared. The Ways and Means