

*Dominion-Provincial Relations*

of Quebec, as well as the taxpayers in the rest of Canada, file their income tax returns they will file them for the calendar year 1958. Will their deductions be 12½ per cent or will they be 13 per cent?

**Mr. Fleming:** Mr. Chairman, I just dealt with that point in my remarks yesterday.

**Mr. Lesage:** Not precisely.

**Mr. Fleming:** The payments in the fiscal year are based upon the taxation year so far as these deductions are concerned. I made it quite clear that in the following session we hope to introduce an amendment to the Income Tax Act to provide for the case of any province where there is no agreement with respect to the collection of income tax,—at the present time that is the province of Quebec alone—and in that province the deduction will be increased to 13 per cent; that, of course, will apply to the full taxation year with respect to which the fiscal year payments apply, and that is the year 1958.

**Mr. Lesage:** Since this deduction of 13 per cent will apply to the whole calendar year of 1958, and since we are already in January of 1958, why has the minister not brought forward the amendment to the Income Tax Act now, together with this resolution?

**Mr. Fleming:** Mr. Chairman, we have not done so for the adequate reason, I submit, that we would like to conclude the business of this session some day. It is quite apparent to all concerned that that is the intention and that will be done, and the taxpayers of the one province concerned are going to receive their full benefit.

**Mr. Lesage:** When is that? When will the amendment to the Income Tax Act be presented?

**Mr. Fleming:** I said at the next session.

**Mr. Lesage:** When is the next session going to be; that is a reasonable question?

**An hon. Member:** You will find out.

**Mr. Fleming:** My hon. friend found it difficult, I realize, to keep a straight face when he asked that question. I do not know precisely the date of the next election any more than he does, but I am quite sure there will be a next session. I am quite sure that the amendment will be introduced, and I am quite sure I know who will be introducing it.

**Mr. Lesage:** That is the usual boasting of the Minister of Finance; Mr. Know-it-all, who never knows anything.

But, sir, there is one thing that is certain. While this delay occurs the people of Quebec are asked to pay more federal income tax from their pay cheques than they should.

They should have the benefit of this 13 per cent reduction instead of 10 per cent, and that benefit should begin right now, from January 1. The people of Quebec are deprived of that benefit, those who are paying double taxation.

**Mr. Fleming:** My hon. friend knows quite well, and no member of this house knows better than he does, that when you bring a reduction into effect it does take time to work out the revisions in the tables of deductions. Most of the people in this country pay their income tax on the basis of deductions from wages and salary, and when reductions are brought about no government that has been created yet can bring those deductions into effect and have the tables all ready to put the rates of deduction into effect at once.

When we brought in a reduction in the income tax in December, it was made clear then that we would expedite, by every means in our power, the establishment of new rates of deductions, new tables, so that they would be in the hands of all persons who are charged with the duty of making these deductions. We are going to do the same thing here. Just as soon as it is possible to arrive at the revised tables of deduction in Quebec, they will be made available. In the case of any who, in advance of receiving the new revised tables of deductions, have paid at the old rate, they will be entitled to reduce their payments accordingly. If at the end of the year there is any over-payment they are, according to well established practice, entitled to a refund.

**Mr. Lesage:** I should like now to go back to the stabilization payments. This afternoon I asked the minister if it was his intention to make the new standard rate of income tax, 13 per cent, applicable to the 1957-58 year, so far as the calculations for the basis of stabilization payments were concerned. I told him this afternoon that one of the reasons for that question was that it was quite possible, probable, as a matter of fact, that the same standard rates of taxation might very well, because of economic conditions, bring less revenue in 1958-59. Consequently, the provinces could be deprived of part of the benefit they could expect from the legislation which is proposed under this resolution. I should like to hear the Minister of Finance on this subject.

**Mr. Fleming:** Mr. Chairman, I made it quite clear in speaking yesterday—

**Mr. Lesage:** No, it was not clear.

**Mr. Fleming:** The hon. member may not have understood it, but I made it clear yesterday, that the provinces are going to receive the benefit of the 1957 rate, and there is no reduction in the payments to the provinces because of the reduction brought