

Income Tax

called *Hansard* in this House. There are briefs which were presented by every representative to the standing committee. I read every brief carefully. I read the verbatim comments in *Hansard* of that committee carefully. To suggest I have not done my homework, to suggest that I have not followed the deliberations which went on during the month of September, is quite unacceptable, and if that is the kind of response which is going to be given, perhaps this whole debate will turn into a farce.

Mr. Fisher: Mr. Chairman, if the Hon. Member had done his homework, he would know that chiropractors do not receive the small business rate, neither do most lawyers, whereas the planners, architects and people he referred to do take advantage of that provision. So we in effect have straightened out that kind of inequity. The kind of complexity involved here was discussed in great detail.

I reject the Hon. Member's argument that you had to be a well-heeled lobbyist and come to that committee in order to get your way. In fact, most Members of the committee and most observers have said that the work done by Hon. Members who did show up was very productive and was in fact a considerable contribution towards the progress of the debate on this Bill.

I would answer his question regarding chiropractors in a two-stage way. First, I am told by our officials that they believe that most chiropractors do not have work in progress; they bill immediately after a session is finished. Second, even so, they are not subject to the small business rate; therefore, this exception straightens out that inequity.

Mr. McDermid: Mr. Chairman, I would just like to ask a few questions covering this particular section of the Bill, Clause 3 and Clause 16. What kind of additional yield does the Government feel it is going to get from this particular tax? I am not talking about specific, individual ones as mentioned by my colleague, the Hon. Member for Mississauga South, but what kind of a one-time shot is it where you are going to get additional income which you do not already have?

Mr. Cosgrove: The rough analysis done by the Department, Mr. Chairman, as we separated "corporate" from "individuals" under this section, showed a generation of income when the section is fully in place, fully implemented and returns are based on full implementation of the section, of \$20 million on the corporate side and \$20 million on the individual side.

Mr. McDermid: Mr. Chairman, \$20 million is a lot of money to me and it is a lot of money to individuals. Twenty million dollars plus \$20 million is \$40 million. That is a nice round figure, and very convenient—

Mr. Blenkarn: On a point of order, Mr. Chairman, the Government in its original submission on taxing work in progress in the budget of the former Minister of Finance of November 12 gave the total amount which could conceivably be taken from work in progress for all professions as \$75 million. We have now been advised that, having removed a great number of professionals, lawyers, accountants and

doctors and all those professional people, they still have \$40 million. That was not the evidence before the committee and I would like this off the top of the head figure to be shown and proven before this House.

The Deputy Chairman: Nothing of what the Hon. Member has said strikes me as a point of order. It seems to me to be a point of debate.

Mr. McDermid: It may not be a point of order, Mr. Chairman, but it was a damn good point. I would like to ask the Minister or the Parliamentary Secretary if these changes, in their opinion, will not complicate the field of taxation even more, provide those who are not exempt with more overhead and expand supervisory bureaucracy in order to keep an eye on this matter? Is the change, first of all, fair? Second, do you not believe it is going to complicate the field of taxation for small-business people and for professionals who are already very badly confused, as are our people in the Department who cannot even give answers? It depends on who you talk to in the Department as to what interpretation you receive. Do you not feel that it is going to complicate matters further for those business people who are affected?

Mr. Cosgrove: Mr. Chairman, I am told, although I did not participate in the committee deliberations, that there were tests applied, and a great amount of discussion and conversation was had in looking at the exemptions, for example identifying the legal profession as one of the exemptions. One of the tests used by the committee in deciding which profession would be unduly affected by this new provision, and which assisted the Government in looking at those operations which would be exempt, is the first question, Mr. Chairman, which I expected to be raised and could be raised with respect to any Section in the Act: does it complicate the Act? Second, is it fair? With amendments to the Act, even though the objective may be to simplify, necessary procedures engage the House, engage public debate and participation, and people come to committee. Therefore, yes, initially there are some problems of initial complication. However, there are some Sections of the Act which we hope, when finally in place, will simplify operations for certain segments of the financial and business community.

Second, is it fair? Fair to whom? Is the method of raising money fair? We argue that it is fair, Mr. Chairman. It is fair because the underlying principle of the Act is taxation of income; that income from whatever source is the basis for taxation. Taxation must be applied on an equitable basis. Those people who derive income on some equitable basis should make a contribution towards meeting expenditures of the Government. Whatever areas have called upon the Government to offer, as I indicated, advantages through the small business bond or a small business exemption under the Act, whether or not it is a direct expenditure of the Government. All income, large and small, goes towards meeting general Government operations. Generally speaking, the rule to be applied, we hope with equity, is that those who receive income