

● (2100)

Another fact I would like to put on the record is that tax expenditures have become quite enormous. Even dealing with tax expenditures we should not have to get into these very complicated tax amendments which try to raise money in all sorts of ways which, to the ordinary person with common sense, should be unnecessary. The hon. member for Vancouver-Kingsway pointed out the massive tax expenditures under the old Dome Petroleum program, which the Liberal government in a previous incarnation introduced and which really meant that there was a tax expenditure of over 100 per cent for every dollar invested. Even under the existing program it is some 93 per cent.

However, let us look at the accumulated tax expenditures relating to RRSPs and registered pension plans. Over \$20.5 billion have accumulated since 1979. Under the Canada Pension Plan \$4.8 billion have accumulated. Incidentally, we do not have that \$4.8 billion. That has been spent on ordinary operating budgets, so it is really just a bookkeeping entry. With respect to preferred tax treatment of income debentures and term preferred shares with which we deal in our tax law, \$400 million have been lost as a result of that tax expenditure.

Marital exemptions have cost us \$1.355 billion. Non-taxation of capital gains on principal residences has cost us \$2.5 billion. I want to make that point in some later comments with respect to farmers and the capital gains tax. Transfer of income tax room to the provinces in respect of shared cost programs has cost us \$3 billion at the federal level, and that is money we presumably could have had we not gone into it.

A major point which deals with this bill but also income tax in general, relates to the reverse onus clauses which we find in the Income Tax Act. There is now a feeling that the taxpayer is guilty until he takes steps to prove himself innocent. The general population out there in Canada has some real fear of tax administrators, tax assessors and tax collectors, who are able to get away with all sorts of statements and mistreatment of ordinary taxpayers. This leads to a great deal of lack of respect on the part of taxpayers, and there clearly is a feeling of guilt among people who come into accountants' offices or solicitors' offices and a feeling that the obligation is on them to prove themselves innocent. I believe the Minister of Finance should give some very serious attention to that, as should his colleague, the Minister of National Revenue.

A development which has affected us in the west a great deal is that income tax files have been moved to Winnipeg. In the past all files were held in Calgary. If a solicitor dealing with a tax problem wanted to deal with an assessor, he would simply get on the telephone, arrange an appointment and discuss the matter. It could be negotiated and solved right there. Now he puts in a call to Calgary and is told that the department is sorry but that a certain file has been moved off to Winnipeg. So the assessor in Calgary has to put in a requisition form to get the file out of Winnipeg and back to Calgary. Ordinary citizens who go to see chartered accountants learn that those accountants have filed their returns for them. Months go by. All of this causes agitation and concern.

### *Income Tax Act*

In addition, interest is charged if the taxpayer happens to owe a few dollars to the government. That should surely be examined and rectified.

Estates cause a very serious problem and, as my colleague, the hon. member for Moose Jaw, so aptly pointed out, time delays in obtaining income tax clearance certificates on estates are enormous. I want to associate myself with the comments of the hon. member for Moose Jaw because this clearly is a problem, at least in Alberta.

Some of the clauses in this bill are good clauses which I am sure everyone can support. While the spousal deduction amounts to another tax expenditure, in terms of equity and fairness most people would have to support it. Given the unfairness of the system we have and given the much too complicated tax system, until we have an over-all view—and I am hoping the minister or his parliamentary secretary will take a serious look at forming a new task force of some sort to take a genuine look at the Income Tax Act—clearly the spousal deduction is good. Citizens have to be careful with that, however, because if a small businessman is making less than about \$17,000 and if he transfers much of that income to his spouse, then one or the other will be in trouble in terms of getting the maximum deduction under the Canada Pension Plan. I think the department should feel an obligation to put out some information to the taxpayer taking advantage of this to make sure either he or his spouse retains enough income in one to get the maximum Canada Pension Plan deduction. If people do not get that, they will find they will be in trouble when they retire.

The energy substitution grants of up to \$800 are good in principle, but the minister should answer specifically the question as to whether the grants will be payable in the event of a partial conversion. For example, in many homes people have oil heaters, but they either do not want to get rid of the ones they have now because they were just recently purchased or they want to wait until the technology with respect to heat exchangers has improved. Meantime, they would like to put in a couple of electrical wall units. Will those qualify for a grant under this legislation? I would appreciate an answer to that.

Another advantage is brought about by the extension of the "cash" method to farmers. I think the government should be commended for that.

As far as it goes, the Small Business Development Bond is quite satisfactory, but we need to know whether it will be extended beyond the three-month period. I think most members on this side of the House would take the position that it should be and in fact must be extended.

The major defect in this bill is not what the bill contains but what it does not contain with respect to capital gains taxes. We all know that the Liberal government made a campaign promise, in the light of the Crosbie budget, of some specific tax relief for roll-overs on farm capital gain. The Liberals promised to move the valuation date from 1971 to 1974. The budget did not have that provision, and I want the minister to tell us specifically why it did not.