

*Income Tax Act*

personal income tax overpayments, and amounted to around 10 per cent of the amount the government collects in personal income taxes. It would almost seem that there was a deliberate practice of overtaxing, but I think that a question of morality is involved when you have tax rebates of this extent. It is not always the government's fault. Certainly, the taxpayers do not always report changes in their circumstances, such as the birth of a child, which would increase their exemptions. Often charitable donations are not reported, and I am sure that a good many Canadians look on the business of overtaxing as a sort of enforced saving. However, this is a costly way to save and it is not convenient when you consider that it is the employer who is doing the bookwork for you. The scale of deductions is calculated to recover all the taxes owing in a given year, and on that basis the denial of the department that it is overtaxing is quite right, I think. However, the principle is wrong in practice when refunds to the extent of 10 per cent of the amount collected have to be made.

• (2:50 p.m.)

From the practical point of view, we know that it is far easier for the government to make a refund than it is to collect more taxes if the taxpayer has not paid enough. But then the question of whether the master exists for the benefit of the servant arises. I think that is the question here. Is there a law or practice hallowed by custom which requires the taxpayer to exist for the convenience of his servant, which is the government? I think it is important that we consider that concept. It is becoming all too evident these days that the servant is actually becoming the master of the people of Canada. This has become apparent in other fields also.

I have an article here which appeared in the *Edmonton Journal* in which Mr. McWilliam, president of the Winnipeg Grain Exchange, is quoted. He is speaking about wheat, of course, but in the same general context of whether the master exists for the benefit of the servant. It reads:

Farmers in Canada are totally dependent on bureaucrats, says J. E. McWilliam, president of the Winnipeg Grain Exchange.

And if this situation is allowed to continue, the country's farmers will be "controlled out of the world's markets."

Then, he goes on to refer to the Canadian agricultural situation which, he said:

... is totally immersed in the philosophy of the producer going to Ottawa for instructions.

Government control and regulation of farm production can only serve to hold back agriculture...

I think the general tenor there can be related to this overpayment of taxes. Mr. McWilliam goes on to say:

The farmer should never be put in the untenable position of having to react to the bureaucrats. It is the farmer who should decide the production.

Instead of the production decisions going from bureaucrat to minister to farmer, it must be from farmer to minister to bureaucrat.

When one applies this to the concept of taxation under which the master exists for the convenience of the servant, one finds that the question of morality arises. In so far as our free enterprise system is concerned, I would hope we would want to see it continued in this country,

although it is not evident that the government feels this way.

I think that this point has been made by the Bar Association and by many of the groups which have studied the tax bill. They feel that the language of the present tax bill is far too complicated for the layman to comprehend. Let me read what the Canadian Bar Association had to say about this. One can well imagine that if lawyers have difficulty in interpreting the act a layman does not have much chance. Ronald D. Bell of Calgary says:

... if the new bill's concepts are "difficult of comprehension, they seem remarkably clear compared with the language construction which purports to convey same to the Canadian public".

Mr. Bell said lawyers entering the taxation field periodically will find "it absolutely impossible from reading the bill to obtain a working knowledge of the new system".

The government should not have released details of the proposed tax reforms until the new concepts had been put in clear language, he said.

Here we have a lawyer saying that lawyers who go into the tax field periodically will have a great deal of difficulty in comprehending the tax bill. I suggest that we can all foresee great problems arising from a tax bill which cannot be interpreted by citizens of average intelligence. Certainly, this business of having something that is mysterious, of language that no one can comprehend, will never work in the long run because of the misunderstandings and the animosities that will build up toward the government and the department of internal revenue. There are many organizations that have made this point. There is another article which appeared in the *Financial Post* in the column by William A. MacDonald, which reads:

The bill fails to maintain an even hand between the tax administration and the taxpayer. Complexities are felt justified to protect the revenue, but are often not felt justified for fair treatment to all taxpayers.

For example, a number of items are included in income without comparable deductions, what I call reverse revenue leakage. In a number of cases, penal amounts of tax are payable out of all proportion to any assumed offence.

He is referring to the penalty clauses here. He goes on to say:

Finally, in a very few cases, there is still explicit or implicit retroactivity.

Then, he goes on to speak about the language that was referred to by the Bar Association:

Finally, and by far the most important reason, the structure and language ensures that fewer and fewer Canadians will understand less and less about a law destined to have a more than ever pervasive impact on more and more Canadians.

The result will be that where taxpayers understand the advice given them by professionals, they can be almost certain the advice is wrong. It is only if they don't understand it that there will at least be the chance that the advice may be right.

If the medium is indeed the message, only one conclusion is possible—the new tax reform is fundamentally hostile to people. It is only friendly to the computer.

I suggest that that will be a very difficult thing to live with through the years. I refer to the draftsmanship of the bill itself. There is the ever-present possibility of many interpretations. This is a matter that needs to be changed and clarified before the bill becomes law. As Canadians, we want our laws to be such that most people can understand and comply with them without needing the constant