

Excise Tax Act

On clause 2—*Schedule III amended.*

Mr. Benidickson: I assume we shall get to the schedule subsequently and call it page by page.

Clause agreed to.

Clause 3 agreed to.

On the schedule.

The Chairman: Shall the schedule carry?

Mr. Benidickson: On the first page of the schedule we find certain underlined items such as drainage, waste, and vent copper tubing. Will the minister not acknowledge that the construction industry finds this rather a handicap; that they think it would be better to amend this schedule in a way which would provide a general exemption for tubes and pipes that had relation to irrigation, sewage and supply of water to homes, and so on?

Mr. Fleming (Eglinton): This new exemption has been welcomed by the industry.

Mr. Benidickson: We were a bit careless last Wednesday in looking at the resolution item that referred to the articles and materials to be used exclusively in the manufacture or production of building materials except hardware for doors and sash, and the words "except hardware for doors and sash" are underlined. I think the parliamentary secretary was piloting the legislation at the time. I do not blame him at all, but on reflection I find that this item did not exempt these items from sales tax but rather narrowed the opportunity for exemption from sales tax. Part of the paragraph reads "except hardware for doors and sash". If one looks at the main statute he finds that such things as locks and a number of other things that might appear on doors would normally be exempt. In our debate it was indicated that except for manufacture and production those other items would be normally exempt. I ask the minister to have a look at this paragraph. I am sure he recalls the debate of last week. What about the items that go into the manufacture of doors and sash that are in this specific item of the schedule? I think of locks, and so on. Are they still exempt.

Mr. Bell (Carleton): Mr. Chairman, as I endeavoured to indicate last Wednesday, the purpose of this amendment is really to bring about uniformity and to make certain that however the hardware is used in doors and sashes it will be in the same status. In order to ascertain the tax status of the particular hardware one must look elsewhere in the particular schedule. What had been happening was that when hardware was in

fact attached to a door or sash it was in a different tax status from when it was not so attached. This particular amendment brings about uniformity, puts all the hardware in the same status and thereby prevents the discriminations which heretofore existed.

Mr. Benidickson: I may be dense, Mr. Chairman, but I am not quite satisfied. In schedule 3 to the Excise Tax Act there is an item under the "building materials" section which refers to door and window screens and some other items related to doors.

Mr. Bell (Carleton): Yes, they continue.

Mr. Benidickson: I understood that the government had found that some articles were being added to doors that is felt should not be exempt from a sales tax. Be that as it may, is this doing what is intended. I assume that these items under "building materials" will be in the schedule:

Articles and materials to be used exclusively in the manufacture or production of the foregoing building materials, except hardware for doors and sash.

That is on page 3 of schedule 3. Some years ago—I believe in 1956 or 1957—we as a parliament extended the sales tax exemptions to quite a number of things including locks, and so on.

Mr. Bell (Carleton): Yes.

Mr. Benidickson: Even if they are an article that is to be used in the manufacture or production of a door, are they to be exempt?

Mr. Bell (Carleton): Yes, Mr. Chairman, I think I can assure my hon. friend that the items to which he refers—door and window screens, lock and latch sets and hinges, the type of thing which might be regarded as the basic hardware for doors and windows—will continue to be exempt and are not in any way affected by the proposed amendment.

Mr. Benidickson: Despite this peculiar language—
—except hardware for doors and sash?

Mr. Bell (Carleton): The language which my hon. friend finds peculiar only takes over into another section of the schedule the particular exemptions. In other words, the exemptions must be found and will be found elsewhere in the schedule. The hon. gentleman, for example, will find on page 2, some of the things to which I have referred, the latch sets, the lock sets, the hinges, sash, doors, and so on. This is simply a drafting technique of putting them over into other exempting sections of the schedule.