

Income Tax Act

Mr. Bissonnette: Say something about interest rates!

Mr. Malépart: Mr. Speaker, that is what the Government has done for Canadian families.

Mr. Bissonnette: Talk about unemployment!

Mr. Malépart: And today there are 538,000 families ... and if the Government and the Conservative Members do not accept an amendment to this Bill providing for advance payments, if the Conservative Members fail to support the motion of the Official Opposition, 538,000 Canadian families will be penalized with respect to this advance payment simply because the family income has gone up, somebody found part-time work and increased his income by \$200 or \$300, so that person will be penalized by being denied this advance payment.

Mr. Speaker, why create two categories of poor people in Canada? And for the reimbursement of the child tax credit, the Government has decided that it would be between \$15,000 and \$19,000. Mr. Speaker, there is nothing logical in this decision.

The House should remember the level of the child tax credit, before the decision made by the Minister of Finance on May 23, 1985: The maximum amount for a family was \$26,300. All Canadian families with incomes between \$23,000 and \$26,000 were very heavily penalized. A family with two children has lost \$272.

And to think that it is this same Government, this same Minister of Finance who have just decided to increase the maximum amount which can be invested in a RRSP.

There were consultations. I mentioned earlier that about a hundred groups appeared before the Committee. Following the tabling of its report, the Government went ahead and did exactly the opposite of what the PC Members, the NDP Members and the Liberal Members sitting on that Committee, the Canadian families and associations from coast to coast had recommended. All these people were unanimous in favour of changing the fiscal benefits to families with children which they felt was regressive, namely, the tax deduction for dependent children.

Mr. Speaker, I think that for the good understanding of Hon. Members generally, it is important to remind the House of the Government-published tables concerning this measure. There were examples in the Budget papers which indicated for instance that a family with a \$10,000 income received \$359. In view of the fact that family allowances are taxable, a family with a \$80,000 income would keep \$175. But what is the impact for a family with a \$10,000 income and another family with an \$80,000 income, as far as the child tax exemption is concerned? A family with an income of \$10,000 or less is entitled to nothing, while a family with an income of \$80,000 is entitled to a \$363 tax deduction. Mr. Speaker, that is unfair. The idea was not for the Government to do three or four somersaults, making a small payment here; it should have initiated a reform along the line recommended by the Committee Members and the population as a whole. It should not have taken this opportunity to deceive the public and use some of

the moneys earmarked for the income support of families with children to reduce the deficit or to reimburse guys who had lost \$60,000 and more in the failure of a bank.

Mr. Speaker, it is true that we will pass the Bill. We are not going to delay it. However, I think it is important that the Government agrees to three amendments which make a lot of sense and will not cost a penny to either the Government or the taxpayers. They will increase fairness and correct inequities created by this Bill.

First of all, there is some ambiguity regarding interest charges resulting from overpayment or changes in the income situation of the person receiving the prepayment. We have already received a last minute document from the Minister and, according to that document, interest will be charged from the date the payment has been made, but, when we call the Department of Finance, we are told that it will not work that way. Considering that it will be an experimental project, it seems to me that, in the beginning, we should not charge interest if there is an administrative error in a prepayment.

I believe it would be important to devise a more flexible mechanism to try this out.

Here is the second amendment: If the Government really means to keep people away from tax discounters, why not send them the full amount, instead of sending a prepayment of \$300 and telling them: Go and get the \$154 outstanding from a tax discounter, because we do not want that "gang" to go bankrupt, because the tax discounters are our chums?

If you believe that a family with 2 or 3 children needs \$400 to \$500, then where is the logic of sending them a \$300 cheque? What they say is: You are a client of Household Finance, and you've got to keep on going there.

To file your statement, to make sure that you get your \$300, go to Household Finance. They will not charge you anything, even H&R Block. They say: Okay, there will be no charge for that, but there will be a charge of 15 per cent on the balance. And they will manage somehow to get your \$300, and they will charge you another \$15 for management fees.

Then we come here all steamed up, and the Minister of Finance (M. Wilson) will say: Social programs are so costly, it is outrageous. You bet they are: H&R Block is getting half of the total.

Why not accept this amendment? This year, we would send them a prepayment of \$454. It would be more sensible and that situation would be avoided entirely. We are not here to maintain a steady flow of customers for tax discounters. We are here to solve the problem of medium- and low-income families. The interest payments should be avoided. It does not cost the Government one cent to send the full amount, since it has to be paid, six months earlier or six months later. Moreover, in the interest of fairness and equity, the ceiling should be \$23,500, by the Government's own decision, instead of \$15,000.

Mr. Bissonnette: Two hundred billion dollars deficit!