

Income Tax Act

the taxpayer but inevitably the whole administration of the income tax law is brought under the most violent and justifiable criticism, by taxpayers generally.

I should like to give another example of the attitude of the department in this regard. A short while ago I received a letter from a constituent of mine enclosing a debit voucher for \$1 from his bank. This taxpayer assured me that it was not the \$1 that was of concern to him, and I know that while he is not a rich man he does not have to worry about one dollar. As I say, he received this debit voucher from his bank. When he inquired as to why they had debited his account for a dollar they said that that was their service charge for the income tax inspectors coming in and going through his account. He told them that he had certainly never agreed to pay that amount. He said he remembered the income tax people coming to him and asking if he minded their going over his bank account. He said he did not as he had nothing to hide, but he had certainly never told them that he would pay any dollar for the service charge. The bank said, "We did not want to charge you, we wanted to charge them but they said that the government would not accept any charges, so we had to charge the dollar to your account."

Here is a taxpayer who agreed to have an inspection made. So far as I know and so far as he knows nothing has been found to make him liable for reassessment. But whether there was or not, I contend that it is improper for the government to carry on inspection and investigation and then require the taxpayer to bear the cost. Whether the amount involved is \$1 or \$100 it does not matter, it is the principle that is important. This is proof of the fact that these powers are too wide and is substantiation of my argument that to exercise investigation of this kind is simply to inflict injustice on the taxpayers of Canada.

I know of other cases where men have been required to substantiate accounts going back to 1951 and 1952, matters for which they could not now give explanation. They have charged as expenses amounts that were properly chargeable against income in that year but they are unable to produce an explanation at this time. It should not take the department six years, or even more in many cases, to make up its mind as to whether the return of a taxpayer is valid and correct. I can see no reason why this period should not be reduced to three years. I am almost inclined to believe that three years is a little too long, but I want to be reasonable.

I hope that this bill will receive the approval of the government and the house. It seems to me that it is reasonable to suggest

that the period be reduced to three years. I hope that the government will accept the bill and not continue to subject the taxpayer to this form of unlimited investigation into matters about which a taxpayer cannot possibly have a clear and adequate recollection. We must bear in mind that the taxpayer has only 60 days in which to appeal if he thinks the department is wrong. Surely the department could accept a limitation of three years within which to make an investigation and reassessment of the taxpayer's return when it thinks he is wrong in filing his return. So I recommend my bill to the house, not as an attempt to chisel or to diminish revenue—I do not think three years will be a hardship on the department—but simply to protect the taxpayer and bring the relationship between the taxpayer and the department and the government as a whole onto a proper and just basis.

Mr. H. O. White (Middlesex East): Mr. Speaker, quite early in the session I placed upon the order paper a resolution stating that in the opinion of this house the government should consider the advisability of amending the Income Tax Act and the regulations under the act. At that time I was informed that the resolution was too broad and that I should remove it from the order paper and substitute another which would indicate what I had in mind. The days went by that were allotted to private members' resolutions and this particular one never came before the house. I am taking advantage of this opportunity to indicate my support of the bill introduced by my colleague, the hon. member for Kamloops (Mr. Fulton).

In his presentation to the house this afternoon I think the hon. member has been more conservative and more kind in his criticism of the department than I had intended to be. Nevertheless I agree wholeheartedly with what he has said in introducing this bill. Now, I do not intend to repeat some of the criticisms the hon. member brought to the attention of the house, but at the outset. I want to say, as he did, that I hold no brief whatever for those who deliberately set out to defraud the government of this country. I want to point out also that I am not an accountant or a tax expert. I employ an accounting firm to take care of my own income tax returns. I have no personal axe to grind. My relations with the minister's department have been of the very best.

A year ago in this house I did make some remarks about the income tax department and the problems presented to those individuals who are self-employed. I realize quite well that the income tax is deducted at the source