

Government Orders

Mr. Wilson (Etobicoke Centre): Mr. Speaker, what the hon. member is pointing to is what was one of the quite difficult decisions of moving the tax rate down from 9 per cent to 7 per cent. How were we going to treat the assistance that we were providing small business?

We looked at different options here but we felt, as a trade off, in getting the rate down from 9 per cent to 7 per cent that we could afford to pay an up-front transitional payment to small businesses to help them get through those one-time costs but that we could not do on an ongoing basis because then we would not have been able to get the rate down to 7 per cent. I think that the small business community was quite anxious to see us come in with a lower rate.

• (1720)

The hon. member keeps talking about a corporate minimum tax. One of the things that we have done is cut back on the loopholes that were in the tax system that corporations were taking advantage of as well as some of the tax benefits that were there over a number of years.

Mr. Riis: Who put those loopholes in there?

Mr. Wilson (Etobicoke Centre): The Liberals. I think the hon. member knows that. The scientific research tax credit, limited partnerships, carve-outs, capital trusts, collateralized preferred shares, a preferred share dividend tax, a general anti-avoidance rule, new rules on leasing, on dividends, on rentals. We eliminated the investment tax credit, the inventory allowance, earned depletion. We capitalized the real estate interest expense. We reduced a number of reserves for banks, trust companies and insurance companies.

In many ways, we have broadened the tax base for corporations so that they are paying considerably more tax. Banks, as an example, are paying over \$500 million this year in tax. Two or three years ago, they were paying nothing.

Mr. Manley: Mr. Speaker, in his remarks today, the minister made a great deal of the fact that the move from the MST to the GST meant the elimination of tax on business inputs, as he called them. I think he agrees that the design of the system is to move the tax from the manufacturers' or the business level to the consumer level.

Given that that is the plan of this tax, will the minister admit to Canadians that the move from the MST to the GST represents the single largest reduction in tax payable at the corporate level in the history of Canada?

Mr. Wilson (Etobicoke Centre): Mr. Speaker, I think the hon. member is quite aware that any consumption tax is ultimately paid by the consumers. It is there in black and white. What we are doing is making sure that consumers see the tax they are paying so that it is not a hidden tax.

Some hon. members: How, how?

Mr. Wilson (Etobicoke Centre): The hon. members ask, "how". It will be very clear on the cash register chit so that people will see how much tax they are paying. As I said in my speech, the GST will be a far more visible tax today for the consumer than are the provincial retail sales taxes.

Mr. Fontana: Big deal, you see it.

Mr. Wilson (Etobicoke Centre): It is a big deal. On the one hand, we have the Leader of the Opposition saying: "Make it more visible". On the other hand, we have the member from London East saying: "Big deal". Again we have the Liberal Party talking out of both sides of their mouths.

Mr. Manley: Mr. Speaker, I would be glad if the minister answered the question out of either side of his mouth.

One of the things he said just now, and he said it in his speech earlier today, was that the move to the GST was going to make it more difficult for governments to kind of sneak in tax increases. He said it is all going to be visible. He is nodding his head. He agrees with that.

Well, he also said some pretty extreme things about the manufacturers' sales tax, describing how bad it was. We all know that in the five years he has been in office he has raised that tax from 9, to 10, to 11, to 12, to 13.5 per cent.

Will the minister not admit that the reason he raised this terrible tax so many times was precisely the reason he gave in his speech, so that he could sneak it past Canadians? Will he not admit that this change is the biggest reduction in tax payable at the corporate level in the history of Canada?