

*Oral Questions*

perfectly honest? Does he think that everybody who is going to be a part of this tax system is going to be fully honest and not do anything wrong?

**Mr. Manley:** I asked you how much you thought you were going to lose and you said "nothing".

• (1140)

**Mr. Wilson (Etobicoke Centre):** I hope nothing and that is precisely why we are taking these precautionary steps to see whether there are differences in this tax system which the experts on fraud in the RCMP should bring to the attention of Revenue Canada.

**Mr. Gray (Windsor West):** Don't you know that yet?

**Mr. Wilson (Etobicoke Centre):** My friend from Windsor says don't we know it yet. These are things that we have been working on for some while with Revenue Canada, with the RCMP and will continue to do so because we believe we do have a responsibility to honest taxpayers to ensure that dishonest taxpayers, of which unfortunately there are a few, do not take advantage of the system.

[*Translation*]

**Mr. Steven W. Langdon (Essex—Windsor):** Mr. Speaker, my question is directed to the Minister of Finance. The Conservatives' Mr. Shaight-from-the-cuff has spoken! Yesterday the Chairman of the Finance Committee admitted that the only way to raise new taxes was to hit the middle class. Will the Minister admit that this is true, and that his philosophy behind the GST is to hit the middle class as hard as he can?

[*English*]

**Hon. Michael Wilson (Minister of Finance):** No, Mr. Speaker, on the contrary, I do not agree with that. I would say to my hon. friend that in income tax reform in 1988 we introduced a number of changes in the corporate income tax system that will increase the effective tax rates on corporations. It will result in a number of corporations paying tax which previously did not pay tax. These are things which I think my hon. friend would support which will result in a much fairer tax system.

We have done the same thing in personal income tax reform as well through the years to remove a number of loopholes, a number of tax breaks that were in the personal income tax system that favoured people in

upper income brackets. So the result is that after tax reform there will be a greater burden of tax on both upper-income people and corporations.

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**TAXATION**

**Mr. Steven W. Langdon (Essex—Windsor):** Mr. Speaker, in fact the details which were given to the committee yesterday by tax experts showed very clearly that the various cost of living gaps which the government has built into the tax system lead to reductions in the percentage of tax paid by higher-income groups as compared to middle-income groups. It is the middle-income people in this country who are carrying the burden, and the minister has to recognize that.

Is the minister not prepared at this stage to take some initiatives to see to it that those at the top of our income scale start to pay a fair share? These initiatives could include eliminating the \$100,000 capital gains tax exemption, putting an inheritance tax back into place, and seeing to it that wealth taxes exist. Is it not possible for this minister to be fair to middle-income and lower-income Canadians and not just to favour the rich?

**Hon. Michael Wilson (Minister of Finance):** Mr. Speaker, the hon. member refers to a minimum tax on corporations. His party has been talking about a 20 per cent rate. What is he going to do with the 12 per cent rate that is charged on small corporations, small businesses that make up the vast majority? About 90 per cent of the companies in Canada are small businesses. Is the member going to support an increase in the tax rate of 12 per cent to 20 per cent just to satisfy his philosophical interest?

He talks about a tax on wealth. There is a deemed realization on the capital gains of people when they die. That provides revenues to the Government of Canada on the death of people. Is he saying that he wants a wealth tax on top of that? That would be double taxation. Is that fair?

I ask the hon. member to consider the effects of wealth tax. In 1972 when inheritance taxes were removed in this country, they raised something like .07 of 1 per cent of revenues. The key reason for that is that upper income people are able to tax plan their way out of paying those wealth taxes. The result is that the wealth tax is paid by those people with middle incomes who