

*Income Tax Act*

guardians of public morality that they become so incredibly verbose and articulate when speaking of freedoms, justice, the criminal laws of this country, the way the courts function, the way information is available, censorship and so on, and yet they tolerate these enforcement provisions in the Income Tax Act.

We have all had experience with, or know of cases in our constituencies, where people have been victims of the enforcement provisions in the Income Tax Act. Some of the actions of enthusiastic tax collectors, backed by these provisions, are downright horrendous. The hon. member for Bow River told us of the poor farmer who was harassed for years by officials. Many of us who come from Alberta are regular readers of the writings of C. V. Meyers who was forced into exile in Spokane, Washington, because of the actions of the tax collector. A few years ago a businessman in Thunder Bay was so harassed by the tax collectors that he left the country. It would be appropriate for us to look into these matters and the danger of allowing them to happen. They are an invitation to sneakiness, if you will.

The enforcement provisions in the bill, taken to their illogical extension by overzealous bureaucrats from time to time, create a real contempt in the taxpayer. It is a dangerous situation when the tax collector and the taxpayer become adversaries in the real sense of the word, with one trying to outmanoeuvre the other and we are perilously close to that situation in this country.

Just recently a chartered accountant told me that he is being asked by clients to do things which, if he had suggested them five or ten years ago, would have led to the client firing him because such things were regarded as unscrupulous. There has been that kind of change in our morality. Granted some of it rises from the level of taxation but some of it is also as a result of the enforcement provisions in the Income Tax Act.

The hon. member for Bow River spoke of a specific provision that allows an official, to deem you to be in a certain position, and leaves it up to you to prove that you are, instead, a victim. That is contrary to our fundamental philosophy of justice.

I should like to close with an anecdote about an oil company executive who was being reassessed. The officials from the Department of National Revenue, armed with the authority of the act, seized his records. Among them were the draws he had written up for the oilmen's golf tournament which was to take place in a few days. He asked to have them back but there was no provision in the act that allowed them to be returned without a court order. We can never write a law that would guard against such silliness, but it is just as silly to have a law that allows such bureaucratic behaviour with immunity.

The matter raised by the hon. member for Bow River should be considered when the draftsmen examine this bill.

**Mr. Mayer:** Mr. Chairman, I should like to emphasize the points made by the hon. member for Calgary Centre and the hon. member for Bow River about deemed income. I appreci-

ate receiving a note on this subject from the parliamentary secretary this afternoon.

It is one thing for the department to have authority to assess tax on deemed income retroactively and for the taxpayer to have to defend himself, but if he cannot have some offsetting advantage in the way of deemed expense, then the adversarial system breaks down. It cannot operate if all the power is on one side.

I agree with the hon. member for Bow River when he says we know that we will not be able to have Clause 69 changed or thrown out, but that any reassessments that will be carried out concerning corporations dealing within arm's length be suspended for a year or, if the department reassesses on a retroactive basis, it should be done on an equal basis, so that if there is deemed income for an individual, that individual's corporation must be allowed to have a deemed expense so that there can be an offsetting expense to claim as a deduction against tax. Otherwise it is conceivable that people who are even in low income brackets might reach the point of being taxed at over 100 per cent. I do not think that is the intent of the act.

If such interpretations can be put on the act I hope the tax department will clarify the matter once and for all.

The hon. member for Calgary Centre spoke of the adversarial system. I know cases of three or four officials of the tax department moving into a small community to do a reassessment. Word quickly spreads that such and such a person is being reassessed. This brings a lot of moral pressure upon him to pay the tax even though he may be quite sure that he is not liable. But in a small community a stigma attaches when three or four people from the Department of National Revenue show up to reassess him. It seems to be taken for granted that he is doing something wrong. The government has awesome powers with its bureaucracy and it does not have to justify the money it spends to collect tax. On the other hand, the individual taxpayer has to defend himself against that power of government, and that is where the adversarial system breaks down. It literally becomes the tyranny of the government on one side with nothing on the other side as a counterbalance. I urge the minister to take these concerns into consideration.

[*Translation*]

**Mr. Bussi eres:** Mr. Chairman, I would like to comment very briefly on what has been said. First of all, I believe that we must remember that our income tax system is based on a voluntary statement of our income, in other words, we receive a form to fill out on which we must state our income. I believe that this is the main principle. It is always easy to point out specific cases involving some intricacies. I can recall in my own experience as a Member of Parliament the case of people coming to see me to complain about harassment on the part of Department of National Revenue officials, cases where I tilted at windmills, where I fought to protect one of my constituents, and in so doing realized that this constituent had seriously neglected to declare part of his income and that the official of the National Revenue Department was quite right in cracking