

*Income Tax Act*

**Mr. Fisher:** All these groups have different types of inflation protection.

The Hon. Member asked a second question concerning the tax system favouring one group at the expense of another group or ignoring another group. I urge him to take a look at the tax system a little more carefully. It does that all over the place. For example, if a farmer in his riding wants to know about protection and favouring, he should remind the farmer that he enjoys the use of the cash basis in the tax system. That is a huge benefit. The Hon. Member's friend from Winnipeg has risen periodically in the House, saying the cash system should be extended to artists. Other Hon. Members have risen and claimed that other groups should have the benefit of the cash basis in the tax system. All kinds of people want that cash basis. The Hon. Member should look at the tax system and see that there are special protections for various groups of people. Small businessmen are not included in ISIP.

**Mr. Riis:** They have Small Business Bonds.

**Mr. Fisher:** That is right, and they have the small business tax rate.

**Mr. Riis:** That is a joke. How can you say that?

**Mr. Fisher:** They have special allowances for writing off losses and for share purchases as well as equipment purchases. These different allowances favour that group in a special way. The Hon. Member sits over there and laughs.

**Mr. Riis:** Yes, I am laughing at you trying to be serious.

**Mr. Fisher:** He is laughing because he does not understand the tax system.

**Mr. Blenkarn:** Oh.

**Mr. Fisher:** I see the Hon. Member for Mississauga South is enjoying the show. I think the part he is enjoying the most is the display of ignorance from the NDP. I am sorry to tell the Hon. Member that every tax measure does not fit every group.

**Mr. Riis:** You should be sorry.

**Mr. Fisher:** It is not suitable. For example, it is not possible for us to call General Motors a small business. Therefore we do not give General Motors the small business tax rate, special share-purchase allowances or special equipment allowances. We do not go through all that because General Motors is not a small business. Equally, my small business is not listed on the stock market and cannot take advantage of ISIP. I take advantage of different things. The upshot is that I have a program tailored to fit my circumstances. I do not try to fit the circumstances into my particular needs. In other words, the Hon. Member is raising the phoney argument that we are helping one group at the expense of another.

**Mr. Riis:** Tell that to the miners in my constituency.

**Mr. Fisher:** We have said for two years that we have searched for an answer which fits a particular circumstance.

For two years we have looked at the possibility of including unlisted shares, real estate or other assets in this kind of program. It does not fit; it just does not fit. That is a reasonable comment to make to Canadians.

**Mr. Riis:** Those who speculate on the stock market will be protected.

**Mr. Fisher:** When the Hon. Member makes the small observation that it does not fit and blows it up into a great moral outrage, he is only kidding himself. He is not kidding other people. We are trying to develop a measure which fits the people who buy and sell common shares listed on the stock market.

**Mr. Riis:** Whom does it help?

**Mr. Fisher:** That is who it helps, and it helps the companies that are involved.

**Some Hon. Members:** How?

**Mr. Fisher:** There are other measures in the same Budget which help other companies, farmers and individuals. The Hon. Member is doing a disservice by trying to say that we are distorting the tax system in this fashion.

**Mr. Riis:** Mr. Chairman, I have a couple of other questions which are directed to the Minister. A few years back the Government introduced a measure to identify the cost to the federal Treasury of each loophole provided. Would the Minister tell us as precisely as he can what this will cost the federal Treasury on an annual basis? Has he made calculations for 1985 or 1986? Over a five-year period what will the cost be to Canadians for this provision?

**Mr. MacLaren:** Mr. Chairman, the revenue impact in fiscal year 1983-84 is estimated at zero. The revenue impact in fiscal year 1984-85 is estimated at zero. The revenue impact in fiscal year 1985-86 is estimated at \$100 million. In the following year, fiscal year 1986-87, it is estimated at some \$300 million.

**Mr. Riis:** I appreciate that information. Could a similar piece of information be provided by either the Minister or his advisers as to what percentage of tax returns filed last year included provisions of income from people who bought and sold stocks? I would like some idea of what percentage of Canadian filers we are talking about here.

**Mr. MacLaren:** Mr. Chairman, the number was 330,000.

**Mr. Fisher:** That is a small group, is it not? The Hon. Member wants to make a big thing out of it.

**Mr. Riis:** I do not want to make a big thing out of it. Presumably we are here to collect some information. We will have some comments to make about some of these figures when considering subsequent clauses.

I will ask my final question so as to allow other Hon. Members an opportunity to question as well. Returning to a matter raised yesterday, presumably with all these provisions