

Income Tax Act

can do in the future as it has done in the past; it can change its mind. All we can deal with is the legislation actually before us.

We would like to see this surtax temporary. As a matter of fact we would like to see it not imposed at all, but the only way the minister can make the surtax temporary in legal terms is to place a termination date in the legislation. That is what he did in respect of the refundable tax which applied to corporations. The minister should know approximately how long temporary is. He should know whether he needs this temporary surtax for one year, two years or three years. If he finds that the length of time he has estimated is too short then he, or whatever minister of finance is in office at the time, can bring in an amendment to change the date.

So far as this committee is concerned we are dealing with a piece of legislation and the legislation imposes this surtax for 1968 and subsequent taxation years. It does not say how many. Therefore, under the clause which is now before the committee, legally this is a permanent surtax. It is for 1968 and subsequent taxation years, and putting the word "temporary" in the heading has no legal significance at all. The only thing that is binding upon the treasury is the clause which says that this surtax is applicable to 1968 and subsequent taxation years.

● (4:00 p.m.)

If the minister really wants to convince this committee and the country that this is a temporary surtax I submit to you, Mr. Chairman, that the only thing for him to do now is to have an amendment moved to the clause setting a specific termination date for the surtax. If he does that, then of course we can withdraw our amendment because the surtax would then actually be temporary. But if he will not insert a termination date and the words remain as they are, namely, that this surtax is applicable to 1968 and subsequent taxation years, then of course the tax is permanent until such time as parliament changes it as it might do in respect of any other tax. Therefore the word "temporary" which the minister wishes to have left in the bill is meaningless and misleading.

Mr. Leboe: Mr. Chairman, I should like to direct two questions to the minister. First, how did he arrive at the calculation of the extra taxation he spoke of a moment ago that corporations would pay? Would he also tell us whether there is anything which defines the word "temporary" because it seems to me the

[Mr. Douglas.]

word "temporary" is entirely relative. It could be one's life or the years of the universe. I should like the minister to give us some idea whether there is anything which defines the word "temporary" so that it may be brought into some context.

Mr. Sharp: Mr. Chairman, in respect of the first question asked by the hon. member I might say that the calculation of the additional revenue from the bringing forward of the payment of corporation tax was based on two months' revenue as we have calculated it in the Department of National Revenue. The effect of bringing forward the payments two months is to add \$290 million or \$145 million for each month we bring the revenue forward. It also has the effect of adding another \$50 million for the subsequent fiscal year so that altogether we would get \$340 million extra revenue out of bringing forward the payments by two months. This was based upon our collection experience with the corporations.

Mr. Leboe: Will it have anything to do with the interest calculations on the amount of money that is paid to the government?

Mr. Sharp: No.

Mr. Leboe: In the final analysis it seems to me it is difficult to understand how it can be said, just because the money is received that much sooner, that it costs that much more. It must have some connection with the interest on the amount of money that will have to be borrowed because it is being paid to the government.

Mr. Sharp: At the present time corporations are permitted to pay their taxes in instalments. They can now pay them over a period of five months after the end of the fiscal year. We are now bringing that forward so that they must complete their payments within three months of the end of the fiscal year.

Mr. Douglas: How does that compare with the personal income tax?

Mr. Sharp: Perhaps I might first be permitted to complete the explanation of how it brings extra revenue to the government which we never lose again. At present corporations pay tax by monthly instalments but the payments for a taxation year do not begin until the fifth month in that taxation year. For example, under the present law a company with a fiscal year that coincides with the