

\$13,722. In 1972, his tax on \$9,750 will be \$2,193.50, which combines federal and provincial, and in 1978 this individual will pay \$4,327 in tax. In other words, Mr. Chairman, I am saying that in six years his income has increased by 60 per cent, and his taxes have increased by 97 per cent.

• (5.20 p.m.)

**Mr. Mahoney:** How much more does he get to keep?

**Mr. Skoreyko:** How much more will you get to keep when your tax bill goes from 50 per cent to 97 per cent? Do you get much more to keep? I repeat that in six years his income has increased by 60 per cent, and his taxes have increased by 97 per cent. I ask the parliamentary secretary to tell me how much more he has to keep.

**Mr. Mahoney:** They are your figures.

**Mr. Skoreyko:** They are researched figures. They do not lie. But if there is any doubt about the figures that I have put on record, I ask the parliamentary secretary to take pencil and paper tomorrow, if he is capable, and figure out if I am right or wrong.

**Mr. Dinsdale:** Mr. Chairman, the last time I had the opportunity to take part in this debate was on the occasion when the members of the Official Opposition were endeavouring to get the government to postpone the long, tortuous process that has been involved in the discussion of fundamental tax reform. On that occasion it was felt that the Canadian economy, as a result of government mismanagement, had entered into a period of crisis that was aggravated by the fact that we had been living under the shadow of the threat of the white paper, and now under the ponderous weight of a piece of legislation that is almost as large as the family bible but, I can assure you, not as enlightening. Recent events, in fact events within the last week, have vindicated the members of the Official Opposition for the position they took on that occasion. At last the government recognized that we were living under the shadow of a major economic crisis and, as announced by the Minister of Finance on Thursday evening last, it took belated emergency action.

To illustrate the point that we have been making since the House resumed early in September, I want to deal with one or two specific parts of this bill which I hope will indicate that the government is not only confused in its approach to fundamental tax reform but also that within this ponderous volume itself there are measures that are contradictory. Other hon. members have dealt with vital and important matters with respect to the well-being of the Canadian economy, the impact that this bill will have, the deleterious effect it will have on the resource industries, the agricultural industry and so forth. In the short time at my disposal, I want to demonstrate that this bill will have a very detrimental impact on the charitable contributions that might become available to public organizations such as universities, museums, churches, or any other similar organization engaged in voluntary charitable activity.

It seems that the government has a penchant for moving in on voluntary initiative on the part of the citizens of Canada. Only recently, through changes to the Post Office regulations, privileges with respect to the use of the mails

### *Income Tax Act*

that encouraged important charitable activities of organizations such as the War Amps, the attack on tuberculosis and other organizations dealing with problems experienced by the disabled, were withdrawn from those organizations. Now, here is another example of the government intruding more and more on the initiative of the individual Canadian, moving forward with its big brother complex, and seemingly not aware of what it is doing. On the one hand, it is saying that it wants to encourage this sort of voluntary activity, but on the other hand specific clauses in this bill will have a severely discouraging effect on the amount of charitable contributions that will be available for institutions of higher learning and museums.

To get right to the heart of the matter, I point specifically to clause 70 in Part I of the bill, a Part which runs for some 200 pages in this 700 page volume. I doubt that even the parliamentary secretary has read the bill in detail in order to become aware of the contradictions that exist within it. Clause 70(5) reads:

Where in a taxation year a taxpayer has died, the following rules apply:

(a) the taxpayer shall be deemed to have disposed of each property owned by him immediately before his death that was a capital property of the taxpayer (other than depreciable property) and to have received proceeds of disposition therefor equal to the fair market value of the property at that time;

(b) the taxpayer shall be deemed to have disposed of all depreciable property of a prescribed class owned by him immediately before his death and to have received proceeds of disposition therefor equal to,

(i) where the fair market value of that property at that time exceeds the undepreciated capital cost thereof to the taxpayer at that time, the amount of that undepreciated capital cost plus  $\frac{1}{2}$  of the amount of the excess, and

(ii) in any other case, the fair market value of that property at that time plus  $\frac{1}{2}$  of the amount, if any, by which the undepreciated capital cost thereof to the taxpayer at that time exceeds that fair market value;

I hope that when the parliamentary secretary makes a contribution to this discussion he will explain that in plain English. This bill goes on for page after page, hundreds of pages, with this kind of gobbledygook. No wonder the people of Canada are confused. No wonder the legislation is having a harmful effect on the buoyancy of the economy. Let me put this in plain English for the sake of the parliamentary secretary.

Clause 70(5) provides that a deceased taxpayer shall be deemed to have disposed of each of his capital properties, other than depreciable property, immediately before his death for its fair market value at that time. Clause 70(5)(b) provides in effect that depreciable property of a deceased taxpayer is deemed to have been disposed of at the average of its undepreciated capital cost and its fair market value at the date of death. Where property has been left by a taxpayer to his spouse or to a trust fund for the benefit of his spouse, these deemed dispositions may be deferred until the property is actually disposed of or until the spouse's death, but this in no way eliminates the tax liability; it merely postpones it.

• (5:30 p.m.)

Let me give the parliamentary secretary some specific examples of what will happen. If, under a will, an individual leaves to a university, religious organization or community charitable camp his summer property, includ-