

*Tax Reform*

occasions he said it would be presented before too long. This apparently was a delightful and classical expression from the never never land.

Hon. members will remember that last year the present Minister of Finance (Mr. Benson) completely disavowed any intention of presenting a white paper. He said there would not be a white paper but there would be legislation. I suppose someone got to the Minister of Finance and put a little sense in his head about this subject. Last spring, in March or April, we saw a shift, and we all observed the shift which was made in respect of the white paper. We are now going to get it, but it was supposed to be presented in April, then June, and then July. We are now on the eve of August.

● (2:20 p.m.)

I do not know when the house will reconvene, if it ever adjourns, and then prorogue. Let me take, for example, a target date of October 1. I am willing to wager one of our Canadian quarters against its equivalent in the United Kingdom that it will be much closer to October 1 than to any earlier date before we see this white paper.

The Minister of Finance has told us that it will deal only with income and corporation taxes. The Carter report is the report of a royal commission on taxation. Does the minister mean by this statement that we will be presented with a white paper on income and corporation taxes, which will then be followed by legislation; that we will then be presented with a white paper on sales and excise taxes and customs duties and that we will then be presented with a further white paper on estate and succession duty taxes? In other words, is the matter to be proceeded with on a piecemeal basis?

If that is the case, this house is going to be asked to reform our taxation system slice by slice, not knowing what each successive slice is likely to involve. With what has been deemed by many to be a taxation system that has gotten out of joint, there is the very grave danger that we will be asked to assume some other taxation system that may be even more out of joint. Consequently I am not at all happy with the approach that is being adopted by the government.

I think we have already been given a clear indication of what is going to happen in the budget presented on October 22, 1968, in which there was quite a shift of government policy in regard to estate and gift taxes, a

shift that bore the influence of the Carter royal commission. I suppose the minister will ultimately tell us that the government have accepted the Carter proposals with regard to state and gift taxes. We are now going to be asked to accept what the government think about income and corporation taxes; and five years from now we will likely complete our study of the whole of the Carter commission report.

I should like to refer to some of the things the Carter commission dealt with under the heading of tax reform. I ask the house to note that they dealt not with income tax reform but with tax reform. I have in my hand a summary in the *Canadian Tax Journal*, published by the Canadian Tax Foundation in April 1967 of various sections of the Carter report. Among other things the Carter Commission studied the use of the tax system to achieve economic and social objectives. In other words they asked what the purpose of a tax system was. I should like to know whether we are going to be able to study this subject when we are dealing merely with income tax reform. I do not think we will, yet the question is most important.

The second item was taxation of individuals. I suppose we will be able to talk about this when we consider income tax.

The next heading related to taxation of income flowing through intermediaries. Possibly that too can be considered under the heading of income tax.

Then they dealt with determination of business income. That relates to corporation tax.

Then there is a matter I have not seen previous reference to, but it is dealt with under the simple heading of "international".

The next heading relates to sales and excise taxes and duties; and the last heading is general tax administration.

These matters are so inextricably linked together that I find it rather difficult to see why the government should have adopted the procedure it has. I think we are entitled to know whether it is the government's intention to continue to proceed with tax reform, shall I say, slice by slice.

The report of the royal commission was, basically, a package deal; its recommendations are closely interlinked. Changes in income tax are to be compensated for by changes in estate and gift taxes. Changes in the corporate tax structure are to be compensated for by changes in the taxation of individuals. Certainly on the allocation of tax revenues as between the federal government