

Income Tax Act

father and mother should be responsible for their dependent children as long as they can. There are many parents who have made estate plans through the RRSP or through accumulated assets so that if their children are deprived of their parents they will have at least as many benefits to allow them to become as full contributors to society as is possible. That is why I say to the minister that I find it very difficult. I want to accept his assurances on good faith. I intend to do that, and I will.

● (1702)

With all respect, I find it difficult to accept the minister requesting us to leave it in his hands. Once a bill is passed, it is passed. Perhaps I sound like a doubting Thomas, but it comes from experience. Will the minister assure that his officials will re-examine the question of dependent children? Before I used the word "minor", and now I refer to "dependent". The term "minor" could create difficulties for the physically and mentally handicapped. So, I have changed it to dependent children. Will he charge his officials to come forward with a draft amendment before the bill is passed?

Mr. Chrétien: Already I have given an undertaking to look into that in reply to the hon. member for Winnipeg North Centre. I recognize perhaps there is a problem in terms of dependent children in a family. We have to study that. There are provisions in the act where property can pass tax free from a husband to his wife, but not necessarily to his dependants. Hon. members are asking that we study all of these implications. If it is done for RRSPs, it must be done for everything. In terms of equity and revenues for the government, the consequences are great. We must look into that carefully. I cannot guarantee that this problem will be solved before ten o'clock tonight. We will complete committee of the whole stage tonight and commence third reading tomorrow. I have indicated that we are prepared to review it. It can be given consideration on the first occasion when tax measures are before the House.

Mr. Epp: Mr. Chairman, I regret to take up the time of the House and to be so obtuse, but that is just not good enough. The day after this legislation is passed, some Canadian family will be caught in this clause.

Mr. Chrétien: They are there now.

Mr. Epp: Well, that makes it doubly bad. We still have the time and the legislative procedures to make this correction. The minister has conceded the difficulty, yet he asks us to pass it and indicates something will be done about it at the next opportunity. When will be the next opportunity? Will it be at the end of this month, the middle of next month, or whenever? When this House rises, we do not know if this parliament will return. When will the next opportunity be? What happens in the interim to people who have bought RRSP's to provide for their families? Are the beneficiaries of people who die in the interim to say, "The government tried; some day it will come up with a change"? Meanwhile dependent children will have

[Mr. Epp.]

to pay a rate of tax which is much higher than they would be required to pay if the budget had never been passed.

I cannot speak for this side of the House, but I am sure most of the hon. members would like this matter clarified before it becomes law. With all due respect, once it becomes law, that is it. All of us have been here long enough to know, once something is enshrined in statute, that it is a long process to effect a change. The families of RRSP holders who have passed away during the interim, whether it is one day, one month or whatever, are caught. In fact they have been caught since April 10.

At the time of the previous budget, I remember the tremendous pressure we had to apply. Also I remember the number of letters we received. In fact I have my file with me today. I pulled my file out for Bill C-22, the previous one. In the representations words like "inequitable effects" were used. These were communications from small Canadians who had taken funds from their earnings to buy RRSPs. The underlying philosophy, which disturbs me deeply, is that revenue can be taken from wherever the government wants, regardless of the consequences, to pay for its profligate spending. Then the government comes before the House asking us to pass this piece of legislation, at the same time indicating that it will look into it further. I am disappointed in the Minister of Finance not being willing to go beyond indicating that he will look at it.

There are well-qualified people within the Department of Finance who can see the implications. I am not counted as a person who has the ability to break down a tax bill in order to understand its nuances and implications, but there are such people within his department. The *caisse populaire* of St. Anne, the *caisse populaire* of Lorette, the credit union of Niverville, Manitoba, and individuals all agree with this interpretation which the minister has confirmed.

RRSP holders, when they were looking at their estate planning, had in their minds what they were leaving to their spouses and dependent children.

Mr. Chrétien: What is the question?

Mr. Epp: Perhaps the minister thinks that I am speaking too long. I have the right to speak. I am a member, and I can speak as long as the House rules allow me. If I have a representation to make on behalf of my people, I intend to make it.

Some hon. Members: Hear, hear!

Mr. Chrétien: Mr. Chairman, I have indicated many times this afternoon that this is a problem. We are looking into it. The hon. member is attempting to dramatize the problem. It is existing now and has existed before. The same case can be made for a father who wants to pass his house or property on to his children. He can pass it to his wife, but if he dies and leaves it to his children or a third party, they are required to pay capital gains tax.

I have indicated that there is a problem and that we are willing to look into it. If the hon. member is about to cry, I will