

Income Tax Act and Related Acts

[Translation]

Mr. Speaker, Canadian men and women were expecting fairness from the tax reform. They were expecting a fair tax system, a system where low-income earners would be paying according to their ability to pay, and the high-income earners, the affluent, corporations would also pay according to their ability to pay. Is this what we are achieving with this tax reform? The answer is no. In effect, the Government mainly is granting concessions to the very rich. They give an average \$4,165 yearly tax reduction to people with yearly income of \$100,000 and over.

But the small taxpayer earning \$15,000 a year only gets a \$140 yearly tax reduction. The number of taxpayers has been reduced by some 850,000. But that same Government has added one million taxpayers over these last four years!

Mr. Speaker, I would remind you that since 1984, Conservatives raised the cost of oil and gas. They raised the Unemployment Insurance premium. They increased the sales tax in November 1984. They raised the sales tax in 1985. They pushed the sales tax up in June 1985. They increased the tax on the sales tax in February 1987. They changed the tax categories in June 1987. They increased the oil tax by one cent a litre in February, 1988.

They have come up with increases, increases and increases to the point where the average family, people with two children and \$35,000 yearly income, experienced a tax increase of \$1,300 a year, and this tax reform now gives them back \$300. On the average, the average family with a \$35,000 yearly income pays \$1,000 more taxes in 1988 than in 1984. Such is the tax reform! Who profits from it? The rich, corporations, people with capital gains. This is not introducing fairness into the tax system, the kind of fairness we were expecting.

Mr. Speaker, I have noted on a number of occasions that the Government now gives a child tax credit of only \$65 per child, a tax reduction to people with dependent children in the order of \$65 per child, as compared to people without children.

Mr. Speaker, at the same time, a tax deduction of up to \$7,000 or \$8,000 a year is made available to those who have RRSPs. There is a lack of social justice when someone with a child gets a \$65 tax credit while someone else with no children can contribute to an RRSP and get a tax break of up to \$1,000 or \$1,500 because he can deduct his contributions to a maximum of \$7,500 a year.

That is the kind of social justice which the Conservative Government stands for. We believe that the tax system should ensure that government revenues are levied not only efficiently, but equitably. Mr. Speaker, the market leads to unequal and unjust situations, and one of the functions of the tax system is to balance things out.

Mr. Speaker, that is the reason why we have been relentlessly asking the Government to put in place a tax system which is fairer than the one we now have.

● (1240)

[English]

We believe, for example, that the tax burden on small businesses should be less than that on large businesses. Yet, we notice that the average tax burden borne by small businesses in Canada is just about equal to that borne by Conrad Black and his enterprises and by all other major companies. In fact, major companies continue to benefit after tax reform, from billions and billions and billions of dollars of what are known as tax expenditures. That means that they never have to pay tax, because they do not have to declare that their profits are taxable at all. That should change, and that is a failure of the test of fairness.

We wanted a tax system that would be simple, but tax reform is this huge Bill. It is about that thick. It will take legions of tax lawyers years to master what is in the Bill that we have been dealing with in committee over the course of the last few weeks. That is not fair. We should have a tax return which is no more than six or eight pages long that the average Canadian can fill out. When these people in the gallery make up their tax returns next year, they are going to have to contend with a tax return which is 80 or 100 pages long, and that is not fair.

We had thought that every kind of income should be dealt with on an equitable basis. I see that my time is just about up, but I know that my hon. friend from Vancouver East (Ms. Mitchell) has one or two questions which would allow me to talk about the injustices that would occur among individual families, depending on their levels of income.

I want to conclude by saying that I regret that, when the Conservatives had the chance to bring in real fairness in the tax system, they failed to do so. Yes, they gave us tax credits, but then they turned around and gave the money back to the people who benefited from the tax credits rather than giving it to people on modest and low incomes. They had an option, they had a choice. The Prime Minister (Mr. Mulroney) and the Minister of Finance could have ensured that average Canadians were dealt with fairly in the tax system, instead of being too much imbued with the idea that they should remain faithful to their supporters in business, their supporters among wealthy Canadians. They forgot the need for fairness among average Canadians.

Ms. Mitchell: Mr. Speaker, indeed I have a question. In fact, I wish I had time for a lot of questions to the Hon. Member who has worked so hard in this whole area of finance and tax policy. I would like to congratulate him for the work that he has done, not only in speaking out so strongly with the use of such eloquent words but also in his alternative proposals which are outlined in our New Democratic report on tax reforms.