

*Income Tax Act*

In addition, the special rule to prevent corporations from obtaining the low rate when they are controlled by means of options by public corporations or non-residents is being deferred to apply beginning in 1986 rather than in 1985 so as to provide taxpayers with adequate time to rearrange their affairs.

The exemption from foreign property penalty rules for registered pension plans created for the exclusive benefit of non-residents employed outside Canada is being extended to other plans which, although not created for that purpose, in fact operate for the exclusive benefit of such persons. The proposal of last February to increase from 90 days to 120 days the time to file a notice of objection is not being proceeded with, due to more efficient procedures being introduced at Revenue Canada. As a result, the motion for this measure has been dropped.

● (1520)

There was also a proposal in February which would require the Minister of National Revenue to accept satisfactory security for disputed taxes. That is not being proceeded with in view of the work which is actively under way which will allow for the postponement of payment of such taxes until there has been a court resolution of the matter.

**Mr. Gray (Windsor West):** Mr. Chairman, I would like to ask the Minister some questions regarding her last two points. Could she explain to the Committee what are the more efficient procedures that have been introduced by Revenue Canada which will no longer make it necessary to allow taxpayers 180 days to file a notice of objection as proposed by the previous government?

**Mrs. McDougall:** Mr. Chairman, the efficiencies are being introduced at the time of the assessment and before the assessment so that the procedure can move much more quickly than it has in the past.

**Mr. Gray (Windsor West):** Mr. Chairman, would the Minister be able to tell us what are these procedures and what recourse the taxpayer has if, in spite of these procedures, the taxpayer is unable to get the information together to prepare a sound notice of objection within 90 days?

**Mrs. McDougall:** Mr. Chairman, I cannot tell the Hon. Member precisely what are the procedures. I know that the taxpayer can then discuss with the Department the next stages. The taxpayer should be in a position, as far as the Minister of National Revenue assures me, to have an answer.

**Mr. Gray (Windsor West):** Mr. Chairman, the Minister indicated that her Government had dropped the proposal of the previous government to allow a taxpayer to give securities satisfactory to the Department, and if that were done payment of taxes could be deferred until an appeal was disposed of or had been dropped. I would like to ask the Minister, what is the exact situation today if the proposal to accept security has been dropped? What is the Department doing at the present

time? Is it insisting on immediate payment once an assessment has been decreed? What is happening exactly?

**Mrs. McDougall:** Mr. Chairman, the subclause does allow the Minister to accept security should that be necessary.

**Mr. Foster:** Mr. Chairman, I would like to ask the Minister a question regarding the provisions of Bill C-7 with respect to taxable capital gains for farmers. Is it exactly as was outlined in the Budget statement of the previous Minister wherein a farmer would be able to transfer \$120,000 from taxable capital gains over a 12-year period—and I believe it was from 1971 to 1983—into a registered retirement savings plan, which would effectively be \$240,000 of capital gain? Does this Bill implement that provision of the Budget exactly as it was proposed by the previous government?

**Mrs. McDougall:** Yes, it does.

**Mr. Foster:** Mr. Chairman, in the Budget of Mr. Lalonde there was a provision wherein the allowable limits of the registered retirement savings plan would be increased from the \$5,500 per year for a self-employed person to, I believe, \$15,500 by 1986 or 1987 and that it would be cumulative. That is, if a person who was engaged in farming did not use the allowable limit each year but then subsequently sold his holdings and realized a capital gain, it would be cumulative. Does this Bill provide for that escalation over the period of the next three or four years, and will it be cumulative for taxable capital gains for farmers?

**Mrs. McDougall:** Mr. Chairman, it does not provide for that. In terms of the changes which relate to RRSPs, some of those are under consideration.

**Mr. Foster:** Mr. Chairman, in the original Budget of the former Minister of Finance, that was only proposed as a procedure, and the actual Budget Bills did not provide for that. Is that correct?

**Mrs. McDougall:** Yes, that is correct.

**Mr. Foster:** Mr. Chairman, is it the view of the Government that it would want to proceed with that proposal, as the legislation becomes necessary, in order for it to be implemented? Is it the intent of the current Government to increase the allowable limit for RRSPs to the proposals in the Budget of Mr. Lalonde, which I believe was to increase it to \$15,000 over the next three or four years? On that basis does the Government intend to implement that proposal? Is that the policy of this Government?

**Mrs. McDougall:** Mr. Chairman, the Minister of Finance has indicated that he will be reviewing this before the next Budget is brought down.

Clause 16 agreed to.

Clauses 17 to 34 inclusive agreed to.

On Clause 35—