

*Income Tax Act*

that. I am pleased with the provision for carrying the losses over 10 years; it is part of the answer but it is not all of it.

**Mr. Fisher:** The comparison to the railroads is a separate matter, Mr. Speaker. I take it that as far as the tax system is concerned, if we are dealing with a loss for one or two years with profits in the future, then this is not a bad measure in the Hon. Member's opinion.

We have a problem in the tax system, and I would appreciate the Hon. Member's advice on this. A farmer is allowed to use the cash system, which means he can write off his expenses in the same year as they are incurred; he does not have to use the accrual system where an expense is only written off if the item is sold or declared valueless. Businesses must use the accrual system but farmers do not have to. In the Hon. Member's part of the country where the major industry is farming and there are not a lot of speculators or hobby farmers, this tax problem does not arise. In my area of Mississauga, however, there are lots of farmers, but they are all living on somebody else's land. There is crazy real estate speculation and lots of people would love to have access to the cash system in order to have a loophole for their businesses. In other words, we have apples and oranges in the tax system and that is a real problem.

I am sure the Hon. Member would agree with the representation made to me by the Canadian Cattlemen's Association that the cash system should not be thrown out. But they could not come up with an alternative for this problem. I would like to know how the Hon. Member sees this and I would like to know what his advice is for an alternative, because it is a really tough problem, especially in farming areas surrounding cities where people will claim to be farmers and who are using the farm tax system for purposes other than honest activity. I would like to hear the Hon. Member's advice on this very tough problem.

● (1740)

**Mr. Deputy Speaker:** The problem the Chair has is that the 10-minute question and answer period has expired. Is there unanimous consent to extend the time?

**Some Hon. Members:** Agreed.

**Mr. Deputy Speaker:** There is. The Hon. Member for The Battlefords-Meadow Lake.

**Mr. Anguish:** Mr. Speaker, I would like to see the cash system stay in my area as it is. I believe that is preferable to many of the people that I know in farming, my father-in-law, my brother-in-law, and to many other people to whom I am very close and who are involved in farming.

As far as what is happening at the present time is concerned, I believe you have to look at the precedent which has been set by people involved in farming. Certainly, in my area of Canada we do not have very many people whom we consider to be hobby farmers. I know the Government is in a difficult situation. However, I believe one really has to look at what the full-time occupation is of the person in question. For example,

if the person is a lawyer with a law practice in a town and has done that for a number of years, and all of a sudden he buys a half-section of farmland, he should not be qualified as a full-time farmer. To me, he is a part-time farmer. On the other hand, someone who grew up on a farm and is in the process of buying a half-section or two sections of land from his father or mother, who has to borrow the money from the Farm Credit Corporation, the bank or the credit union to go into that farm, and that person, in order to make his payments, must go out and work in the wintertime, that person, to me, is a bona fide, full-time farmer. He wants to farm. I do not believe you can project what is to happen in the future. I believe you have to look at what that individual has been doing in the past. If that individual has been farming full-time, then he should be a full-time farmer.

The problem now with Revenue Canada, Mr. Speaker, is that it does not look at the situation in a very understanding way. I do not believe it really understands. It looks at the bottom line and sees that in this year this young fellow, this farmer, has gone off the farm and earned more income than he earned from farming and all of a sudden he is not a full-time farmer anymore. That is grossly unfair.

**Mr. Charles Mayer (Portage-Marquette):** Mr. Speaker, it truly is a joyous season of the year, Christmas, to talk about income tax. I cannot think of anything much more contradictory to the season than that. It is not that Canadians do not want to pay income tax. I believe we all realize that governments must spend money and, by and large, governments, do things for us which cost money and which we appreciate. However, there are certainly some problems associated with the Income Tax Act.

I would like to refer just briefly, Mr. Speaker, to the interchange between the Parliamentary Secretary and the Hon. Member for The Battlefords-Meadow Lake (Mr. Anguish). I suppose the problem I have is that the questions posed by the Parliamentary Secretary indicate a kind of mindset according to which the Government has a right to everything we produce and everything we have as individuals in this country. If we are allowed to keep anything, we are only allowed to keep it by the grace of government. I believe that is the problem indicated in the questions of the Parliamentary Secretary.

**Mr. Fisher:** I did not say anything like that.

**Mr. Mayer:** I know you did not. What I am saying is that it seems to me that the premise behind some of the questions of the Parliamentary Secretary comes from that kind of mindset. I will give you an example, Mr. Speaker. The Parliamentary Secretary talked about whether farmers should report on a cash basis or on an accrual basis. In many areas of this country, that is an absolutely ludicrous question. It simply is not possible.

**Mr. Fisher:** Do you want us to set up tax zones?