

Oral Questions

In that circumstance, does he not agree that the introduction of the GST on books is plain asinine?

Some hon. members: Hear, hear.

[Translation]

Hon. Marcel Masse (Minister of Communications): Mr. Speaker, the government does recognize the importance of books as an element of our cultural policy. That is why it supports the Canadian publishing industry with many programs.

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[English]

INCOME TAX

Mr. Jim Karygiannis (Scarborough—Agincourt): Mr. Speaker, my question is directed to the Minister of Finance in regard to his so-called tax reform policy. In light of the fact that in the past he has made many statements in which he claims to be making our tax system more equitable, the truth of the matter is that 640 Canadians earning over \$100,000 last year paid no taxes at all.

How can the minister make this claim on the one hand, while on the other hand allow his rich friends to avoid paying any taxes at the expense of hard-working, lower and middle-income Canadians?

Some hon. members: Hear, hear.

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, when we came to office there were 1,830 high-income Canadians who were not paying tax because of the loopholes that in place as a result of the policies of the Liberal government, that he was a part of, that he supported at that time.

Some hon. members: Hear, hear.

Mr. Wilson (Etobicoke Centre): That is now down to 640. In terms of the number of tax filers, it was 2.17 per cent of tax filers in 1984. It is down to 0.35 now.

There are good reasons why these people are not paying tax. They have suffered losses. They may be farmers. They may be—

Ms. Copps: Oh.

Mr. Wilson (Etobicoke Centre): My hon. friend from Hamilton is moaning over there. I do not think she understands how the tax system works.

There are individuals who own farms. There are individuals who own unincorporated businesses who lose money. It is for that reason that we have a provision that one can apply one's losses against other income and for that reason not pay tax.

We have removed a number of the other loopholes and incentives that were in place that were being misused by upper income Canadians. That is why there has been a substantial reduction from 2.14 to 0.35 per cent.

Some hon. members: Hear, hear.

Mr. Jim Karygiannis (Scarborough—Agincourt): Mr. Speaker, that is crocodile tears from Bay Street. This is typical of what we have come to expect from the government.

The facts are clear. The government is afraid to bring real tax reform, because it does not wish to offend the financial supporters of the party.

Will the minister explain why he continues to allow those in the highest tax brackets to pay no taxes, while he is crippling the middle and low income Canadians? Close the loopholes, and close them today, Michael.

Some hon. members: Hear, hear.

Hon. Michael Wilson (Minister of Finance): It's better than a crock from Scarborough, that is all I can say.

Some hon. members: Hear, hear.

Mr. Wilson (Etobicoke Centre): The hon. member is talking about low-income Canadians. The share of income tax dropped for people who are earning less than \$15,000 from 2.1 per cent down to 0.8 per cent; for those between \$15,000 and \$30,000, from 26.5 per cent to 23.1 per cent; and from 37.3 per cent to 35.7 per cent for those people who are earning between \$30,000 and \$50,000.

The major thrust in making the tax system fair in 1987 was to reduce the share of income taxes paid by those low income people, as I have indicated here, and raise significantly, from 34.1 per cent to 40.4 per cent, the share of income of those people who are earning over \$50,000.

I understand the people opposite do not like to hear the truth.