

*Supply*

striking, said the report, is that there were hundreds of individuals with incomes in excess of \$100,000 who had arranged their affairs so that they paid no federal income tax at all. These reports have taken the time to examine the tax system of this country and have outlined very clearly the unfairness of this particular system.

● (1140)

Back in 1979 a study done by Allan Maslov, an economist at Carleton University School of Public Administration, found that exemptions provided roughly 100 times greater benefit to those in the upper income brackets than to those at the bottom end of the scale. A hundred times greater benefit to the upper income earners of Canada, Mr. Speaker!

I do not think it would benefit the House for one to go on and on describing how unjust and how unfair the present tax system is. Canadians know it and as a result people are becoming more and more reluctant to pay what the Government says is their fair share of the taxes of Canada. However, I think the 1983 tax year points out most effectively where the bias in our system is, Mr. Speaker. Canadians are now filing their tax returns for the 1983 tax year and I want to use as a precise example three individual taxpayers. Taxpayer A had an income in 1983 of \$200,000 from dividends. Taxpayer B is a similar individual with an income of \$200,000 as well, but based simply on employment income through salary. Typical taxpayer C has an income of \$25,000 based on wages.

When you take advantage of the traditional loopholes available—I do not mean investing in Canadian films and Canadian drilling funds and all of those options available to people with a considerable amount of capital at their disposal at the end of the taxable year, but just taking advantage of the traditional, typical kind of tax loopholes in today's system and on today's forms—you find that taxpayer C, the average Canadian wage earner, is paying taxes at about 14.4 per cent. Interestingly enough, the taxpayer with \$200,000 salaried income pays taxes at 43.8 per cent. That is what you would expect to find in a progressive tax system. He is paying more taxes at a higher tax rate than an individual raising a family on \$25,000. However, when you consider that individual with an income of \$200,000 based on investment income, income received from dividends, he pays at a tax rate of 18.5 per cent, virtually the same rate as the individual making \$25,000 a year. There, Mr. Speaker, as clearly as can be presented using the 1983 tax forms, you find that a taxpayer with \$200,000 income based on dividends is paying taxes at virtually the same rate as an individual with an income of \$25,000 based on wages.

The system is unjust, Mr. Speaker. It is unfair. One can make a case for it being virtually corrupt. Yet the system is perpetuated and perpetuated. The most recent piece of legislation introduced by the Government was again to provide further protection for those individuals whose income is from investments, to protect them from the problems of inflation.

I want to close, Mr. Speaker, by identifying changes in the burden of those providing Canada's taxation. Back in 1960

individuals paid about 57 per cent of federal taxes and corporations paid about 42 per cent. By 1980 that had changed to 70 per cent from individuals and 30 per cent from corporations—quite a dramatic shift over a 20-year period in the shouldering of the tax burden of Canada.

I would like to present an amendment to the motion that the Official Opposition has before the House today. I move:

That the motion be amended after the words "individual taxpayers" by inserting the following:

"and which favours big business and upper income earners at the expense of small business and average working Canadians,"

**Mr. Evans:** Mr. Speaker, I was just curious about a comment the Hon. Member made. He indicated there had been a dramatic change in the distribution of taxes paid by corporations and individuals. Is the Hon. Member aware that during the 1970s the increase in personal income in real terms after inflation was something over 100 per cent, whereas the increase in corporate profits has actually been negative in real terms? It declined by something in the range of 10 per cent to 14 per cent. Since real incomes of individuals have gone up, you would expect that the taxes paid by individuals have gone up, you would expect that the taxes paid by individuals would have gone up accordingly, whereas since profits in real terms have dropped off in that same period, the proportion of taxes paid by corporations would have declined.

I understand what the Hon. Member is saying. He is trying to imply that there has been some conscious shift of the burden of taxation. However, I would like to ask the Hon. Member to consider that when you understand that the amount of income available to individuals has grown dramatically while the amount of income after expenses to corporations has actually declined, would that not give rise to the kind of redistribution he mentions in his speech?

**Mr. Riis:** Mr. Speaker, I appreciate the intervention of the Hon. Member. I believe when you look at the figures we have available you will find when talking about profits and individual income that we are talking in many respects about two different things. I do not think that—

**Mr. Evans:** That was good bafflegab.

**Mr. Riis:** It is not an attempt at bafflegab whatsoever. I am trying to say that I think what the Hon. Member is saying is that we ought to be comparing two different things. We are talking about earned income and the taxes paid thereon. When you talk about taxation of corporations, you are talking about the income of corporations after the appropriate deductions available and so on. When you factor both of those in and look at 1960, it is very clear that the taxes coming into the coffers of the federal Government from individual Canadians and Canadian corporations have witnessed a dramatic shift over the past 20 years. That is the point I am attempting to make. There has been a tremendous shift in that tax burden. As we see less and less, on a percentage basis, from the corporate sector, we must look elsewhere to find those funds. More and more the money is coming from Canadian individuals. I