

Income Tax Act and Estate Tax Act

hastened its ruin through its dissipation of capital through taxation.

Some hon. Members: Hear, hear.

Mr. Mark Smerchanski (Provencher): We have heard much in this chamber tonight about views which newspapers and some tax experts have expressed with regard to this estate tax. Frankly, I think nothing has been so badly misrepresented in the newspapers as the proposed new estate tax. It is obvious that neither the Leader of the Opposition (Mr. Stanfield) nor the right hon. member for Prince Albert (Mr. Diefenbaker) have done their homework on this subject. They are not in a position to give the true facts about the proposed new tax.

What is the position, Mr. Speaker? Previously an estate of \$60,000 was taxed. Under the proposed new tax there is no estate tax levied when property passes between a man and his wife, whether it is worth \$100,000 or \$200,000 or even a million dollars. This is a move in the right direction. I agree with my hon. friends who say that members of the opposition do not understand the implications of the new tax. We hear much about the destruction of family farms. We hear criticism on the ground that this proposal will destroy small businesses. This proposed estate tax will definitely help the family farm and will definitely help small business enterprises.

Some hon. Members: Hear, hear.

Mr. Smerchanski: We have recently concluded a week of federal-provincial meetings during which the provinces were asking for a higher percentage of the tax dollar. I would point out that the provinces take 75 per cent of every dollar collected in estate duty by the federal government. Yet, members of the opposition tell us that the federal government is being unrealistic. I suggest they go into a corner with a pencil and paper in order to figure out the exact implications of the new tax which is being presented.

I hear it said that small corporations are being taxed unfairly when compared with the large corporations. If there is any difference between the tax percentages applied to small businesses as opposed to large businesses, I do not understand the type of argument the opposition is using in this connection.

Some hon. Members: Hear, hear.

Mr. Smerchanski: We also hear criticism on the grounds that a family farm cannot be sold to an only son who wishes to carry on.

We are told that previously the exemption in connection with a gift was \$4,000. Now, it is argued, it will only be \$2,000. The fact of the matter is that since there is to be no tax on transfers between a man and his wife, a husband and a wife will, together, be able to give the child \$4,000 as was the case previously. To say anything else is simply untrue. Yet the right hon. member for Prince Albert made statements in Montreal before Christmas and after Christmas, as well as in one of the provinces only last Friday, misrepresenting the position. For a man of his calibre and standing to misquote the facts is something with which I cannot live. If members of the opposition feel this is playing politics let them carry on in the same way, because they are going to destroy themselves and we shall not have to help them.

Some hon. Members: Hear, hear.

Mr. Smerchanski: The proposed new tax in its modified form is far better and more equitable than the estate tax of previous years. We were told tonight that small businesses and small corporations would be taxed out of existence. That is simply not the case. If we sit down and think out the implications of this proposed legislation, we shall find it is far better than the old estate tax. On the one hand, we have large corporations paying better than 50 per cent of their profits to the federal government.

● (9:10 p.m.)

An hon. Member: Fifty-two per cent.

Mr. Smerchanski: Yes, that is right. Then, when they declare dividends the tax on those dividends amounts to anywhere from 10 to 20 per cent. So, if you analyse the situation the average corporation pays something between 60 to 70 per cent of their net profits in taxes. No matter how you slice it, it ends up as a tax bait to the federal government. Hon. members opposite say that there is a hardship placed on a small business or family farm under the new proposed estate tax; but I recommend they do their homework because this is not the case under the proposed legislation.

We hear much today about federal-provincial relations. We hear of the constant approach made by the provinces for a larger percentage of the tax dollar. I will wager before all members of this house that 75 per cent of every estate tax dollar collected by the federal government goes to the provinces.