

Income Tax

in finding out why a handful of professions have been exempted. I realize the Minister has made some effort to clarify that. Keeping in mind such professions as planners, engineers and architects, will the Minister explain carefully so that any professional will understand why accountants, dentists, lawyers, medical doctors, veterinarians and chiropractors have been singled out specifically, as opposed to all the other professions? Why have they been singled out specifically as exempt? I say this in all sincerity because I believe that in the spirit of equity and fairness this question must be answered and answered in depth.

Mr. Cosgrove: Mr. Chairman, the Hon. Member prefaced his remarks by saying that a number of people will be surprised by the Bill and the provisions before the House. In fact, this provision was introduced in the November, 1981 budget. Further, people affected have the opportunity of making submissions to the Standing Committee on Finance, Trade and Economic Affairs. In fact, groups did make representations to the Committee. The rationale is the one that I have given to the Hon. Member for Mississauga South. I would like to have the Parliamentary Secretary to the Minister of Finance, who sat through the Committee hearings, comment on that.

Mr. Fisher: Mr. Chairman, I did indeed have the opportunity to work in the Finance Committee through September. At that time we had submissions from various groups of lawyers and accountants from across Canada. I argued with these people. I asked them very directly why they should have a tax deferral that I as a small-businessman did not get.

I refer the Hon. Member to the minutes of those meetings because there were some convincing answers given to us by the professions which we have exempted. What those professionals were able to show us was that they would encounter huge difficulties with paper work. They would have to keep track of the enormous accounting problems. Their customers would end up paying for those difficulties and the extra paper work. Really, the Government would not benefit substantially by the tax revenue that it gained. We in effect were going to tighten up the tax payments on a one-time basis, but at enormous expense to these professions.

At the same time we were told, and I became convinced personally, that other people could handle this problem very effectively. Many of the professions that he has referred to have become professions by virtue of recent court rulings. These people have had to follow other business practices previously. They are already in a position to pay their taxes much closer to the date of billing. They are accustomed to treating unpaid bills or work in progress on an inventory basis rather than in the fashion that lawyers have traditionally.

As the Hon. Member for Mississauga South pointed out, there is a problem for lawyers to figure out how to bill on a divorce case that is half finished. There is not quite the same problem for someone who has already developed a professional practice which allows for billing at various stages; so much in advance, so much on completion of rough drawings, so much for the start of the project and so much after. Many of these professions already have that kind of professional practice.

It really boiled down to a two-fold question. First, by going after some professions like lawyers and the others that have been exempted, we were creating a lot of unnecessary paper work and big difficulties that the customer was eventually going to pay for and which had no real benefit. Second, the other people who are not exempted have business practices that already allow them to pay these taxes without those difficulties and without that paper work. They also have benefits like the small business rate which lawyers, and so on, are not always able to take advantage of.

Mr. Riis: Mr. Chairman, that is about the lightest-weight response that I have heard in a long time. To suggest that to be in this work in progress stipulation you had to appear as a lobby group during the month of September before the Committee on Finance, Trade and Economic Affairs is completely unacceptable, if that is the kind of rationale used. I suspect there are many professional groups across the country that probably were not even aware there was a sitting. They were probably struggling to keep alive in their profession and simply could not see themselves in a position to go to Ottawa and lobby. They thought that the sophistication of decision-making would be a little more than that. They expected more sophistication on these exemptions than simply those who had the loudest voice or the most political contacts on the Government side.

Quite frankly, I would ask the Minister, or in this case the Parliamentary Secretary to the Minister of Finance, to explain specifically how a chiropractor would differ in terms of the red tape, and so on, that he or she would experience as opposed to an architect or community planner.

• (1230)

Mr. Fisher: Mr. Chairman, the Hon. Member says that to qualify for an exemption you had to appear as a lobby group in front of the Finance Committee. I would venture to say that we will not be giving him any exemptions in the future because he chose very deliberately not to appear at the committee. In fact, his record shows he has a lot of opinions about our tax laws but has not put forward anything but slogans.

Mr. Riis: Mr. Chairman, I would like to suggest that these are the kind of discussions we should not be entering into every time I raise a critical question. I remind the Hon. Member that I cannot be everywhere at once in my capacity as Finance critic for the New Democratic Party, so I am going to be criticized for not doing my job. Frankly, I think it is a low and cheap comment and I am surprised that he would deliver it.

Mr. Fisher: I believe it is an important point to make, Mr. Chairman, because we are dealing with a complex consideration here which involves more than just the surface question which the Hon. Member has asked. If he had been at the committee he would have heard about these difficult considerations. For example, he has asked me about—

Mr. Riis: On a point of order, Mr. Chairman, I take exception to the comment of the Hon. Member. There is something