

2. Investors wishing to build up estates for pension purposes will be prevented from carrying capital cost depreciation from a building costing up to \$50,000 to a larger one and hence will be discouraged from any form of such investment.

My time has run out. I cannot deal with the complete picture in a 30 or 40 minute speech. I have mentioned some of the things I would like to see carried on. I had the advantage of being on the committee which dealt with taxation reform. We are so close in 90 per cent of the things that have been talked about for so many years that this should lead us on to see that the final 10 per cent of contentious matter is cleared up so that everyone will be reasonably happy. We should have something that will appeal to all Canadians.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, on budget night last June I was reported in the press as having said it was a good budget. However, only half of what I said was reported. The complete statement should have read, "Compared to the white paper, this budget seems to be a good budget."

Mr. Mahoney: You are a little late for those remarks.

Mr. Thompson: I am not trying to correct myself; I am only trying to give an introductory statement to lead into my comments regarding the budget.

The white paper turned out to be nothing more than building up a straw man which the public tore down, viciously at times, in order to make the alternative which the Minister of Finance (Mr. Benson) has produced seem at least better than it was, even though it was bad. The Canadian Press probably summed up well the budget version of taxation reform when it stated the following on the day after the budget speech:

In essence, all the major features of the 1969 proposals that enraged the business community and aroused some provincial governments have been dropped or significantly moderated.

Certainly what was left, Mr. Speaker, could have been inserted into the normal budgeting procedure. This prompts me to make some comments on the usefulness of the bill as a measure of tax reform. There is a real question in my mind as to the effectiveness of the procedure the government decided to adopt. The white paper process cost millions of dollars directly and many more millions indirectly by virtue of the uncertainty and hesitancy it induced in the economy generally.

• (8:20 p.m.)

In light of what it has cost, the bill before us is a very poor buy. The effects of the white paper held us back to the extent that today we face unemployment at a higher level than for many years. The government's proposals as they relate to tax reform fail entirely to alter the pattern of federal tax activity; they merely try to give old ideas a new appearance. Nothing is done to ease the basic burden of taxation, nothing has been done in the field of tax sharing with the provinces or to ensure greater equity for taxpayers in the middle-income bracket. The poor are still taxed, and no attempt has been made to employ a tax credit rather than an exemption system to more effectively assist low-income Canadians.

It is easy to talk about taking 750,000 people off the income tax rolls. What we ought to realize is that the

amount of income tax collected from these people is probably not sufficient to cover the cost of administering the collection of the tax involved. Nothing really has been done for the people on low incomes as far as tax reform is concerned.

There is another important aspect which the bill does not cover. It fails to simplify the language or improve the draftsmanship of the existing act. Supposedly there are a great many loopholes in the present legislation—certainly people have been able to avoid paying taxes which they should have paid. The complexity of the drafting of the bill before us is that ten loopholes are left for every one which has been closed. I am not an authority in this regard but I read what the experts in this field have to say, the members of the legal and accounting professions who work in this area, and this is exactly what they are saying.

Then, again, the bill fails to reform the basis of tax collection. Here is one of the most pressing areas of reform as it relates to the existing legislation. Many of those who are authorities in the taxation field have not yet arrived at a complete understanding of what this bill will mean to those they represent or to the economy in general. As far as public understanding goes, the bill is really a vacuum. I should like to quote from the text of a letter written by Mr. Thomas Ferguson, a tax accountant, in the August issue of *Canadian Business*:

Most people in the business world think this law is a great improvement over the white paper. Whether we are right or not may take years to learn. After all, we are still dealing with appeals about the interpretation of the 1948 law. This new tax reform bill will prove no easier to interpret, and without any question it will be much more difficult for the Department of National Revenue to administer.

More rewriting of the Income Tax Act is not too many years in the future.

It is not an easy thing, unfortunately, for the general public to interpret a technical, legislative document such as the huge bill before us. Many of the reforms contained in it may have some merit, or at least some people think so. The trouble is that so most people cannot understand what the bill is saying, partly because it is so huge, so complicated, and partly because it is so badly drafted as to be almost unreadable. Take, for example, clause 39 which deals with the capital gains tax. It is only half a page in length and seems to be very concise as statutes go. However, after he has read four lines the reader is directed to turn to clause 3 and read another page. At the same time he is required to read that clause as though it says the opposite of what it really does say.

None of us wants to be the beneficiary of a law which imposes a higher than necessary compliance cost on the rest of society. As Canadians, we want the laws to be such that most people can understand and comply with them without the constant attendance of a professional adviser. The bill presented to us will afford a heyday for tax consultants, lawyers and accountants simply because the public is not able to understand or cope with it.

Usually, the legislation we pass in this House affects relatively few of the population directly. If difficulties are raised, there are the judges, lawyers and other officials who manage to make the law work reasonably well most of the time. The irritation and expense occasioned by shortcomings in a statute do not present a major problem