

*Income Tax Act*

per cent we will rely on the tar sands, which is tied up in a dispute with Alberta—who is going to drill in the north and off the east coast at Hibernia? Mobil said today and Chevron said yesterday that they would not drill. Who is going to drill and who is going to find that oil so that Canadians down here will have supply? I wonder if the minister would answer that question for me. Mr. Chairman, I do not think my time is up.

**The Chairman:** The hon. member for Vancouver-Kingsway has one minute left in the time allotted him.

**Mr. Waddell:** I would ask the minister to reply to that question when he gets the chance. Who is going to do the drilling if these companies will not do it? If he is prepared to give them this generous tax allowance of 93 cents on every dollar, why does the government not add the extra seven cents and set up Petro-Canada to do it? What does the government propose to do, other than back down? Does it propose to stand up to these companies and say we are not going to accept these strikes?

**The Chairman:** Order, the hon. member's time has expired.

**Mr. Thacker:** Mr. Chairman, I was wondering as I listened to the hon. member for Vancouver-Kingsway if we were referring to the same bill. I have looked through Bill C-54 and I do not see any part which discusses the National Energy Program or anything about the 8 per cent tax or the pricing of oil. He seemed to make an urgent call for the government to go all the way. In fact, in my opinion the NDP has gone all the way with the government for a long time. As a result, it has gone so far I can see why the NDP, as a matter of party policy, is in favour of abortion on demand!

There is no doubt that Bill C-54, being 224 pages long is just grotesquely complicated as a matter of income tax law. I recall when tax reform went through. The matter was debated and finally passed. Then the horrendous nature of tax reform came home to people who had to live with it, the solicitors and tax accountants. The joke went around that not one member of Parliament understood what had been passed.

I can now say having been here and having tried to work my way through Bill C-54 that I very much doubt whether anybody understood what happened. To emphasize the point, sir, I would like to read clause 66.2(6) as follows:

Where a non-resident person is a member of a partnership that is deemed under paragraph 115(4)(b) to have disposed of a property described in subsection 59(1.1), his share of any amount that would be an amount referred to in clause (5)(b)(v)(A) or subparagraph (5)(b)(vi) or (xi) in respect of the partnership for a taxation year of the partnership if section 96 were read without reference to paragraph (1)(d) thereof shall, for the purposes of this Act, be deemed to be an amount referred to in clause (5)(b)(v)(A) or subparagraph (5)(b)(iv) or (xi), as the case may be, in respect of the non-resident person for the taxation year of the non-resident person that is deemed under paragraph 115(4)(a) to have ended.

**An hon. Member:** That's clear.

**Some hon. Members:** Oh, oh!

**An hon. Member:** Explain.

**Mr. Thacker:** That is crystal clear. It is so obvious.

**An hon. Member:** If the Minister of Finance can't explain it we will get Jean-Luc to do it.

**Mr. Pepin:** It is very simple.

**Mr. Thacker:** We need without any shadow of a doubt a total review of the tax law. It is simply too complicated.

There is no doubt, for the minister's benefit, that in 1971 a number of general charging sections were brought in, but as a result of pressure groups, of which most of us were members at one time or another, these have been chipped away so that in several cases in this act the exceptions have actually overtaken the general rules, and there are so many exceptions that the general rule might as well be changed.

A disturbing aspect which I have certainly shared first-hand in my capacity as a solicitor is that the present complication is causing people to fiddle, to cheat, to go well beyond avoidance, into the area of evasion. They really do not have the respect for our tax system in the nation that they should because most people take a simplistic view. They feel the government comes up with a program, sells it to the people in a promise during an election campaign and that there should then follow a taxing bill which matches the selling job. We learn as politicians, of course, that you can cheat the people. You can promise them a program for which they do not have to pay immediately. We do that by going out and borrowing through Canada Savings Bonds. We borrow from our own people to give them a program they do not have to pay for! We then go out and issue treasury bills. We know in terms of Canada Savings Bonds there is about \$17 billion outstanding which we borrowed from our own people. In treasury bills it is \$20 billion, plus or minus a few. We have even been able to take the ultimate step. As a nation and as a government we have gone to the international marketplace and borrowed \$9 billion or \$10 billion. We have done this so that we do not have to increase taxes to our own people. Clearly that has misled the people and is causing trouble right now.

It is clear from tax statistics that the Income Tax Act is not progressive. The bulk of people come within the high tax ranges of individual taxation. For example, the new tax statistics for 1978 point out that of some 14 million returns, if you as a citizen earn \$10,000 only 43 per cent of the population makes more than you. If you earn \$20,000 only 13 per cent make more; in short, if you make \$20,000 in our society you make more than 80 per cent of the taxpayers of Canada. If you make \$25,000 only 6 per cent earn more than you, and if you earn \$30,000 only 2 per cent of the taxpayers are in a higher bracket than you. If you happen to make \$40,000 you would be above the top 99 per cent of taxpayers in this country and only 1 per cent would make more. If you hit that magical \$50,000 bracket that we as members want to be in, at that point only .2 per cent of taxpayers will earn more money than you and you will then be above 99.8 per cent of the taxpayers of the nation.