

Income Tax

why he should be going after that particular one, because the cash value or the immediate premium which was paid would not be even close to the face amount of the policy. That is one example.

Another example concerns people with some means who say that when they die they will leave some money to the Red Cross Society, to their church or to this or to that body. But instead of leaving such organizations \$5,000, they will buy \$5,000 single-premium insurance policies, perhaps totalling \$30,000 worth, and the church or organization could wait for it. Is there not some merit to such a policy? Yet the Minister will not consider any of those suggestions, as I understand it now. Would you let me have your comments on that, Mr. Minister?

Mr. Cosgrove: Mr. Chairman, I will not comment on the introductory comments of the Hon. Member, which I think were wishful thinking, as to where people will be sitting or standing two years hence. There is one thing that is certain: no matter where Hon. Members sit in the House, whoever occupies the Government benches will be pressed by the public for strategic investments and the use of Government resources to address the economy.

Second, the Hon. Member made reference to my profession and said that a few clients were receiving advice on this matter. As a matter of fact, I have no clients. Under the guidelines, a Minister does not continue his profession.

Mr. Darling: No, I meant before, Mr. Minister.

Mr. Cosgrove: Of course, I have not practised my profession while being engaged in the Government.

Mr. Crosby: One of a few.

Mr. Cosgrove: With regard to the first example concerning which the Hon. Member has asked for some assistance, a person with a large amount of money considering the purchase of a single-premium policy which would not qualify as an exemption, the answer is that he should look for another type of policy which is exempt so as to take him outside of the problem. He could do that by purchasing a 20-pay policy and keeping his money in the bank account or in whatever other instrument he thinks is more beneficial. It is possible that he might even be able to earn more interest on the money from some other instrument while he is making the purchase down the line.

In so far as a charity is concerned, and the Hon. Member's example was the Red Cross, the officials have advised that there should not be any concern because a charity is exempt. Therefore, transfer the annuity to the charity. The charity, being in an exempt category, would therefore not attract this provision of accrual either.

Mr. Darling: Mr. Chairman, I appreciate the comments of the Minister. I am well aware, as the Minister points out, that an insurance policy with a 20-year payment or more or a whole life policy is not subject. In other words, the single premium

will still be the best buy for an insurance purchaser in particular cases like that. It is true that the Minister can suggest that that is still not eligible, but it will certainly not fill the same bill. A single-premium insurance policy may show a charitable institution, a church or the Red Cross as beneficiary. Even if it had a substantial cash value, the cash value would, of course, rise as the policy remained in force, even though only one premium would be paid. At that particular time, in those cases the policy would not be subject to this tax on accrued interest. Would the Minister not consider the Department of Revenue to be another charitable organization? I understand that one can make a grant or a bequest to Her Majesty which can be considered a charitable donation. Why would "donations" to the Government not be considered in the same way?

● (1130)

Mr. Cosgrove: Mr. Chairman, in answer to the first question, in the situation referred to by the Hon. Member, provided that the ownership or control of the policy was transferred to the exempt organization, they would be taken without the accrual rules.

The Deputy Chairman: Order. The House will be aware that last week the Hon. Member for Simcoe North and others raised a point of order. Before I recognize the Hon. Member for Calgary West, the Chair will deal with the point of order raised.

On Thursday, March 3, 1983, at the start of the proceedings in Committee of the Whole on Bill C-139, an Act to amend the statute law relating to income tax (No. 2), the Hon. Member for Simcoe North raised an interesting point of order on the procedural acceptability of Clauses 1 and 109 as they relate to paragraphs 1 and 151 of the Ways and Means motion adopted by the House on December 3, 1982, and upon which provisions Bill C-139 must be based. The Hon. Member then raised the question of the propriety to proceed with the consideration of Clauses 1 and 109 without a further Ways and Means motion.

The Hon. Member for Simcoe North, the Hon. Member for Edmonton West, who has many years of experience on the subject, and all the others who contributed arguments will appreciate the necessity for the Chair to attach the greatest importance to its consideration of this matter and to give it the researched study it requires.

During the discussions on the point of order, many commented upon the fact that such a Bill must be based on the provisions of a Ways and Means resolution, although it does not have to be identical, and that if such a Bill is found not to be in compliance with the resolution, a further Ways and Means motion would be necessary or the Bill would have to be amended so as to conform to the resolution. Citations 518 and 519 of Beauchesne's Fifth Edition and previous rulings given by Mr. Speaker Jerome were quoted to substantiate the arguments. The Chair agrees with and supports without hesitation the views expressed on the subject.