

*Income Tax*

The Government has a great system of grants. Grants are available to everyone who simply lines up at the trough. If someone needs a grant, they can see the Minister of Industry, Trade and Commerce. While the Government has indicated it will rely on the private sector, it will decide who receives the grants, and therefore who are the winners and the losers. The Government will decide for itself if it will give its grants to Dome, Maislin or to Massey-Ferguson. The game is called "line up at the trough".

I believe my friends across the way will enjoy this article, particularly the Minister of Agriculture (Mr. Whelan) since he is from the agricultural community. It concerns the definitions of communism, fascism, socialism and capitalism. "You are a farmer and you own two milking cows. Under communism, the government would take both cows and give you a little milk for your needs. Under fascism, the government would take both cows and sell you some milk. Under benevolent socialism, you would give one cow to a neighbour in need. Under capitalism, you would sell one cow and buy a bull or perhaps lease one to build up your herd. What would be done under the current Canadian economic management? It is simple, the Government would buy both cows at inflated prices, shoot one, pay civil servants to milk the other, throw away the milk and pay you not to raise the feed for the one that was shot."

What was most disturbing about the November budget was its anti-business bias and its chronic opposition to tax relief and deferral. While these are strong enough words, the budget's attack on entrepreneurs is only one side of the vice. The other side can be found in a quote from the budget paper entitled "Economic Development for Canada in the Eighties". It says that the Government of Canada must assume a leadership role in the field of economic development. But it says that it will rely on the private sector.

Before addressing one specific area of Bill C-139 concerning retirement benefits, I wish to cite a few examples of the Canadian tax system from my own personal experience. One of my constituents phoned me to say that he had received a letter from the Winnipeg taxation centre. I see the former Minister of National Revenue sitting here and I think he will enjoy this anecdote. The Winnipeg taxation centre deals with the majority of western Canadian income tax returns. My constituent said that after receiving the letter from Winnipeg he tried to phone the Winnipeg taxation centre. They would not answer his call. He finally asked his taxation centre in Calgary why he cannot get in touch with the Winnipeg taxation centre. He said, "They have written me a letter and I am trying to contact the person to sort the matter out." He was told by the Calgary taxation office, "Well, you cannot do that. You cannot reach the Winnipeg taxation centre by means of telephone. You have to write a letter". Do Hon. Members know how much this adds to the cost of clearing up simple little problems? One would think that the bureaucracy would try to make itself at least somewhat accommodating to the constituency or to the people. But, no, no. Bureaucrats say,

"What we must do is force them to write a letter to Winnipeg. We will not answer any telephone calls from those ordinary, little old constituents".

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The withholding of credit balances is a dandy. A letter was written to my constituent which stated, "A further review of your income tax accounts shows that a credit balance of \$12,000 was reflected in your 1980 notice of assessment dated September 2, 1982. The above credit will be held pending assessment of your 1981 income tax return". The guy has already filed his 1981 income tax return and he has paid all of his taxes, and now the Government, through the Department of National Revenue, has the utter gall to withhold \$12,000 which he has overpaid, which he has owing to him on his 1980 income tax return.

**Mr. Kempling:** At no interest.

**Mr. Thomson:** The arrogance is just incredible. Here is another beauty which has always bugged me, and that is that if one makes capital gains which, of course, one declares, one must pay full taxes on the capital gains, but if one has capital loss, no, it is only a one-way street. One pays full taxes on capital gains, but if one has capital loss, which one cannot offset by means of capital gains, one is only allowed to deduct one half of it in that year. Does that seem fair? Is it fair? There are full taxes on capital gains, but one can only claim one half of the loss. That does not seem to be very fair and equitable to me. One has two chances with the Liberal Government, and that is, lose and lose.

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

**Some Hon. Members:** Hear, hear!

**Mr. Thomson:** This example is just one laugh. I could go on. I have reams of these in my pocket.

**Some Hon. Members:** More, more!

**Mr. Thomson:** I know of a company in western Canada, and I will not name names, which is involved in oil and gas exploration.

**Mr. Simmons:** Just give the street address.

**Mr. Thomson:** The company had worked for years trying to raise \$10 million and had worked out a scheme to raise the \$10 million in foreign capital. The deal was that it would be raised by means of debenture by debt, and the company would pay interest on this debt to the foreign investor. Therefore, it approached the Department of National Revenue, which gave a pre-ruling for which it had asked, and the Department of National Revenue said there would be no withholding taxes. That ruling was given on June 22, 1982. Six days later, the Department of Finance came out with its ruling, the changes to the Income Tax Act, and said, "No way. You cannot do that, no, no. We will tax you on that. You must pay withholding taxes". Therefore the company threw the \$10 million deal overboard.