

Adjournment Debate

● (2210)

[English]

FINANCE—PROCESSING OF INCOME TAX RETURNS. (B) DELAY
IN PAYMENT OF REFUNDS

Mr. Tom McMillan (Hillsborough): Mr. Speaker, on April 5, 1982, I posed two questions to the Minister of Finance (Mr. MacEachen) in the absence of the Minister of National Revenue (Mr. Rompkey). My questions concerned the fact that Revenue Canada had issued a bulletin in which it instructed Canadians to file their 1981 income tax returns as though the November, 1981 budget were in fact law.

The reason for taking that action was that several major provisions in the budget of November 12, 1981, were retroactive to the 1981 tax year. I am thinking, in particular, of provisions related to income-averaging annuity contracts, capital cost allowance, registered retirement savings plans, etc.

Yet, having instructed Canadians to file their 1981 income tax returns on the basis of the November budget, Revenue Canada then ordered its own officials in regional tax offices right across the country to stockpile any returns affected by the budget until it was legislated into law. Revenue Canada's motivation for wishing to set aside such returns for later processing was the confusion surrounding the November budget. The Minister of Finance has been making so many retreats on, and changes to, his budget that not even Revenue Canada officials know where the budget stands at any given time.

Revenue Canada's instructions, however, meant that thousands of Canadians whose 1981 income tax returns were affected by the budget would have to wait unduly for any tax refunds owed them. Indeed, reliable estimates indicate that the Minister of Finance may not be able to get his act together on the budget until as late as next fall. Some Canadians might have to wait until then for their returns.

The Minister of Finance, in reply to my two questions, totally denied that there was any confusion about his budget and, therefore, that any tax refunds were being delayed by the budget. But, sir, nothing could be further from the truth.

In response to the public interest aroused by my own statements in the House of Commons, and statements made by my colleague, the hon. member for Vancouver Centre (Miss Carney), Revenue Canada was pressed into reversing itself on the matter of tax refunds. Instead of stockpiling returns affected by the budget, the department replaced its earlier bulletin with instructions to its regional offices to follow the following procedure. Henceforth, those taxpayers would be expected to file their 1981 tax returns on the basis of the November, 1981 budget, but their returns would not be stockpiled, as planned earlier. Rather, Revenue Canada will process their returns no less than three times; once under the pre-budget tax rules, and a second time on the basis of the November budget. A refund will then be paid to the taxpayers on the basis of the lesser amount. The same returns will be processed a third time after the budget becomes law. If a further refund is due it would be paid by Revenue Canada at that time.

● (2215)

I followed up my questions on April 5 to the Minister of Finance with questions to the Minister of National Revenue on April 7. In reply he stated that there has been no "hold-up" in refunds, no "stockpiling". He was wrong, dead wrong. There had been stockpiling of tax refunds until we in the Official Opposition protested the practice.

The fact that there is no longer any stockpiling of returns is because the federal government and the Minister of National Revenue, in particular, changed their minds. In the face of parliamentary pressure from us in the official opposition, Revenue Canada is now following a new procedure in order to get people's refunds out with less delay than otherwise would have been the case.

While welcoming that favourable outcome, I remain convinced that a much simpler procedure would be to change the effective date of the budget so that no taxpayers' returns would be affected by it in the 1981 tax year. In that fashion all tax returns could be processed in the most expeditious way possible.

In conclusion, the government says that only a handful of Canadian taxpayers need be concerned about the budget impacting on their 1981 tax returns. The figure of 200,000 is frequently bandied about. I believe it is actually higher, because more than 200,000 taxpayers borrow money to pay premiums for their registered retirement savings plans. In any event, whether the figure is 200,000 or many more, the number is not so large that the government would lose a lot of revenue should it decide to change the effective date of the November 12, 1981 budget in order to simplify the process of adjudicating 1981 tax returns and getting out refunds to people who qualify for them. Therefore, I continue to urge that wise course of action and hope the government will be enlightened, wise, reasonable and flexible enough to take that worthy suggestion.

[Translation]

Mr. Claude Tessier (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, may I say first of all that I should like to rely as well on the understanding and co-operation of the hon. member as on the usual and real understanding and co-operation of Canadian taxpayers.

Before answering the question of the hon. member, as Parliamentary Secretary to the Minister of National Revenue, I should like to remind hon. members that our tax system is a self-assessing system under which specific deadlines must be strictly met. That, indeed, is one of the keys to the success of Revenue Canada. In addition, I must congratulate the civil servants of that department on their performance in surpassing themselves every year, that is, in collecting more money while reducing costs. Mr. Speaker, I am sorry the hon. member is concerned about the impact the provisions of the last budget might have on the processing of income tax returns for 1981. It is all the more regrettable that as a result of his concern many Canadians might ask themselves unnecessary questions about