

Government Orders

the bill. They understand that it is important for donors of cultural property and recipient institutions to be able to request a thorough review of their decisions through the redetermination process and, if necessary, through an appeal to the tax courts of Canada.

The present law enables the review board to redetermine the fair market value of an object if additional information becomes available. To date this system has worked well, but there have also been cases when donors have felt that further consideration of the information that had been provided was required or that additional emphasis on salient facts was needed. This was not possible if a redetermination could only take place when additional information had been provided.

Bill C-93 removes the requirement that additional information be provided before a redetermination takes place. This means that the review board will be able to revisit its decision at the request of a donor or recipient institution with or without the provision of additional information.

We believe it will be difficult to design a first level of appeal that is fairer or more equitable than this one.

• (1205)

If after a redetermination the differences between a donor and the review board still have not been solved, the donor must complete the gift, if he has not already done so, and may then appeal the determination of fair market value to the Tax Court of Canada. This is an important point, because at the time the appeal is made to the Tax Court of Canada the donor will have made an irrevocable gift to the museum, archive or library. He will no longer be the owner of the object. The cultural heritage of Canada will therefore have been enriched regardless of the tax court decision about the object's value.

What will be at issue in an appeal to the tax court will be the fair market value of the object for income tax purposes. The question of outstanding significance and national importance will have been resolved, and the donor will have made the gift in the knowledge that the fair market value of the donation remains an issue.

Again, those concerned about fairness in the tax system and whether rich people are benefiting from a tax loophole will appreciate that the process, by its very nature, guarantees that the tax system is fair and that it will not be abused.

If donors are prepared to make a gift with the full knowledge that they may receive a tax credit for less than they believe an object is actually worth, they are clearly not being motivated by money or profit when they make a donation. If that is their only concern they can withdraw the gift, sell it on the open market,

and no tax credit will be given. This system is a win for all involved.

The amendments in Bill C-93 not only reinstate a previous right of appeal but improve on it by establishing two processes that will permit an open dialogue about the fair market value of an object. We believe the ability to discuss fair market value, a concept that involves evidence, assumptions, knowledge and the exercise of judgment, will lead to better appraisals provided to the review board when it makes its initial determinations. This in turn will lead to a limited number of requests for redeterminations and in all likelihood to only a few appeals to the tax court.

Bill C-93 is being strongly supported by museums, archives and libraries, by collectors and donors of cultural property, by dealers and appraisers, and by the review board. I urge all members of the House to support the bill. The amendments are technical in nature and respond to strong concerns expressed by the heritage community. Their passage into law should be seen as part of the ongoing commitment of the Government of Canada to ensure the preservation of Canada's cultural heritage. This will benefit the culture and heritage of my riding of Erie. This will benefit the culture and heritage of the finest country in the world, Canada.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I rise to make a comment on this important piece of legislation, Bill C-93, an act to amend the Cultural Property Export and Import Act, the Income Tax Act and the Tax Court of Canada Act.

I congratulate the member for Erie for laying out the provisions of Bill C-93. I want to explain to Canadians in very straightforward language what those provisions mean. It is extremely important for Canadians to note, as was expressed by the member for Erie and by the previous speaker, the member for Winnipeg St. James, that this is not a bill that is directed, as Reform would paint it, to somehow provide benefit to the rich. To demonstrate that, I did a little calculation of what the implications might be.

If taxpayers were interested in making a contribution of a book, an artefact, et cetera, to a museum, library, et cetera, and the contribution were deemed to have a fair market value of \$1,000, assuming their original cost of acquiring it many years ago may have been \$100, under the current tax act if they were to sell that artefact to a museum they would realize a capital gain of \$900. Half that capital gain is taxable. Reform is saying this is a rich man's scheme, so let us assume the highest marginal rate, in which case they would pay tax of \$225 on the taxable capital gain. That means that the net cash to the owner of the artefact would be \$725 on the sale to the museum of the \$1,000 artefact.