

Government Orders

will have precedence over any other secured debtor for the payment of such monies.

These amendments do not affect the rights of anyone involved in legal proceedings on November 6, 1989 when the ways and means motion was introduced in this House nor the rights arising from rulings made on or before that day.

The changes will automatically apply to the collection of source deductions for amounts payable under the Canada Pension Plan and the Unemployment Insurance Act, since both incorporate the garnishment provisions of the Income Tax Act.

The second problem results from an omission in the amendments made to the Income Tax Act through Bill C-139 in the last session. These changes included the reorganization of the subsections in section 227 of that legislation. A related amendment was omitted by mistake.

Therefore, the provisions prohibiting Revenue Canada from collecting any unpaid taxes in the 90 days following the day the assessment notice was mailed or before a decision is made on any proceedings related to these taxes, also apply to unremitted source deductions.

That was not the legislator's intention and the rules clearly specify that they do not apply to such amounts. This amendment rectifies the situation.

I hope that, with this overview of the general content of Bill C-51 and with the spirit of co-operation I recognize in my colleague across the way, we can pass this Bill at second reading as soon as possible.

As you know, these amendments are important to ensure tax fairness for all Canadians as well as to reduce the deficit. All Canadians must pay their fair share of income tax, but Canadians must also abide by our tax system without taking undue advantages of it as, for example, businesses who finance their operations by using source deduction funds.

Source deductions are monies paid by employees and employers should not be allowed to use those funds for their own purposes. The system serves the interests of the federal government well. It is useful for our current

expenses and has helped us in our efforts over the last five years to reduce the deficit.

I thank you, Mr. Speaker, for your attention and I invite my colleague to do the same.

[English]

Mr. Jerry Pickard (Essex—Kent): Mr. Speaker, in looking at Bill C-51, I feel that in general there are very strong concerns regarding the ability of employers to take payments through unemployment insurance and other sources of income and not pay those directly to the government. We know that the principle of Bill C-51 establishes the ability of the government to legally garnishee payments that have been made on an employee's behalf to employers which have not actually been paid to the government.

The government is very limited in its ability to collect, particularly since the Alberta Court of Appeal ruled in June 1988 that the government does not have the first ability to get in. In principle we believe that any funds that have been paid by an employee to an employer should directly go to the government and the employer should not be able to use those funds to supplement business or to carry on other business ventures at the cost of the individuals dealing with a—

The Acting Speaker (Mr. Paproski): I would hope the hon. member would wind up because there really are no questions or comments on the initial first three speeches. If he could wind up his remarks I would appreciate it.

Mr. Pickard: Mr. Speaker, I have a few points that I would like to put forward, it certainly being very clear that the Liberals, on principle, cannot support allowing businesses to finance or subsidize operations by not paying government taxes when they have deducted those incomes at source.

We also believe that giving Revenue Canada the authority to collect unpaid taxes and make deductions may push small businesses—if they use a very heavy hand with small businesses which are in difficulty or in receivership—away from their ability to survive. If those small businesses that are in receivership end up in a position of not being able to survive then in the long term the government will collect far less taxes.