

Income Tax Act

by saying this before reading it: you may say this involves an expenditure of money, something Opposition Members may not properly move. However, since the Minister of State for Finance (Mr. Hockin) told us in his speech that Bill C-11 would not cost the Government anything and since the maximum amount of the child tax credit is \$454, I would like to move an amendment which does not represent an additional expenditure and which therefore comes within the scope of the Bill. If it is accepted, this motion would amend Bill C-11 in clause 4 by striking out lines 16 to 19 on page 3 and by substituting therefor:

"individual amounts, the aggregate of which does not exceed \$454 for the taxation year 1986, \$489 for the taxation year 1987, \$524 for the taxation year 1988, and for any subsequent taxation year, the amount of \$524 indexed on the annual increase in the Consumer Price Index, in respect"

The rest of the clause remains the same.

This amendment, in French and in English, is seconded by the Hon. Member for Ottawa—Vanier (Mr. Gauthier).

[English]

Mr. Hockin: Mr. Chairman, the Member has alleged that I said this program will not cost us a cent. I did not say that, and I cannot say it because, as the Hon. Member knows, we have altered the cash flow. Due to the huge deficit which was left to the Government we have to borrow money to pay money. This is speeding up the payments by six months. It will not affect the 1985 tax year, but it certainly does affect the fiscal plan and extra expenditures are incurred by the Government to make a pre-payment six months early on such a huge amount of money. I do not believe we ever said that it will not cost a cent, and it would not be accurate to say that because there are extra expenditures involved in prepaying.

The Member asked why we do not send the entire amount of \$454 instead of \$300. I think that question was answered clearly yesterday. To reiterate, we want to encourage recipients to file tax returns. If there is still \$154 outstanding, it will encourage them to file tax returns. As well, there will be a balance of \$154 left for reconciliation. Therefore, if someone is overpaid the chance of them having to send the Government a cheque will be minimized because part of the amount has been kept back from the pre-payment. I think this is a rather novel and intelligent way to begin making pre-payments of credits like this.

With regard to the continuing existence of tax discounters, I would remind the Hon. Member that I served on the committee which examined tax discounting and I share his concern about this. However the tax discounter now has only \$154 to get at. That is a very trivial amount compared to \$454. I think it is hardly worth the time of a tax discounter to discount \$154. We have taken \$300 right out of play.

This clause answers very well the major issues raised about reconciliation, about encouraging people to file tax returns and also about tax discounters.

Ms. Mitchell: Mr. Speaker, we fully support this amendment. The National Anti-Poverty Organization which has

many affiliates across the country has studied the matter of tax discounters at great length, because they are the people who are the victims of the tax discounters. They have asked repeatedly that the full amount be retained and paid at one time. This is very important in their life circumstances because they simply have no credit or block sum of money for the more expensive household items that are required. They have asked that the full amount be paid.

• (1440)

With respect to tax discounters, I really do not see how this will prevent it. It simply means that next fall the tax discounters will know that \$300 is coming and they will speed up and be into operation next fall. What we have called for over and over again, as has NAPO, is legislation to actually ban tax discounting of the child tax credit. This was done for the old age pension. If this was done for the child tax credit as well, we would not need this.

Mr. Dick: Mr. Chairman, I am not sure if you have made a ruling on whether this clause is in order. I believe it is out of order because it has asked for inflation to be added. That obviously means the expenditure of more money.

The Chairman: I am about to rule on it, possibly along that line of thought.

Mr. Gauthier: You should not look to him for inspiration, Mr. Chairman.

[Translation]

Mr. Chairman, I simply want to point out to the Minister that we did hear and read his speech of October 15. We may have misunderstood it, but on page 381 of *Hansard* for October 15, we find that the Minister said the following in his speech on Bill C-11:

—it is important that we find ways to deliver benefits to those entitled without increasing expenditures—

In our opinion, the words "without increasing expenditures" clearly indicate that the Government was not increasing its expenditures.

This is why we thought that, if it was possible to make a \$300 payment when the program provided for \$454, it would probably be as useful and perhaps preferable to avoid all the problems that this would cause by increasing the amount of the payment from \$300 to \$454. It is with this in mind that we proposed this amendment.

[English]

I am preoccupied with the question of tax discounters. I know that we have had a committee and that the Minister was a member of that committee. We faced two alternatives. We could have banned tax discounting as was done by the Americans. The argument that this would be interfering with small business was not very valid or very serious.

The other alternative, as suggested a few minutes ago, was to prohibit the sale of a child tax credit cheque, as we did with