

*Income Tax Amendment*

enable deferred profit sharing plans to accomplish their purpose. Having gone over those amendments I am satisfied they are necessary and very much in the public interest. Before dealing with that particular subject let me answer some other questions that were raised.

The first specific question asked was whether the government or the minister had met with the shipbuilding industry. The answer is yes. We have discussed with that industry generally, as well as with specific companies, the application of the law as amended by this bill and by other legislation already approved of or announced by the Minister of Transport (Mr. Pickersgill). Perhaps I should give a short statement at this time in respect of the Canadian Vessel Construction Assistance Act and the effects of the bill now before us on that act.

The Canadian Vessel Construction Assistance Act was enacted in 1949 to provide special tax measures to encourage the construction and conversion of vessels in Canada. In January 1966, the Minister of Transport announced changes in the government program to assist the shipbuilding industry. This announcement stated that the provisions of the Canadian Vessel Construction Assistance Act permitting the exemption from taxable income of recaptured capital cost allowances would be discontinued although the rapid depreciation provisions of the act would be retained. Since the Canadian Vessel Construction Assistance Act has to be amended as a result of this new program for shipbuilding assistance and since it is an act which deals entirely with income tax matters it seems sensible to move those of its provisions which are to continue to have effect into the Income Tax Act and regulations. Accordingly, the bill provides that the Canadian Vessel Construction Assistance Act shall be repealed and that its provisions that are to continue to have effect shall be added to the appropriate sections of the Income Tax Act.

Several speakers have referred to clause 21 of the bill in which it is provided that an individual who is required by the act to file a return of his income for a taxation year, unless he has previously been assigned or made application to be assigned a social insurance number, must apply for a social insurance number in order to facilitate the administration of the Income Tax Act. To some degree I understand the objections to the extension of the number state, but I really do not see why there should be any objection to simplifying the system. If we do not use the

[Mr. Sharp.]

same numbers we must use different numbers. For the efficient administration of government legislation these days it is almost a necessity that each of us have a code number. From the point of view of better administration of the Income Tax Act it is more appropriate that the same number should be used for that purpose as for social insurance purposes; otherwise there will be more confusion and more expense.

In this regard, if hon. gentlemen opposite object to each of us having a number then they ought to object even more to each of us having several numbers, and that is the alternative we face. While I understand the objection in principle to the regimentation now upon us as a result of the nature of our modern society, I do not believe that objection can be extended to a single number rather than several.

The hon. member for Medicine Hat (Mr. Olson) asked a question about federal-provincial abatements and wanted to know whether these abatements were consequent upon agreements with the provinces or something now being introduced at this time. Let me say that the amendments have two purposes. The first is to re-enact the abatements that expired at the end of 1966, and the second is to include any abatements which result from recent negotiations with the provinces.

Let me now refer to the deferred profit sharing plans and the very complicated provisions of this bill. Perhaps it would help the house if I were to outline in simple language the nature of the legislation. There is a great deal to be said for profit sharing plans. Indeed, some people look upon them as the answer to employer-employee relations, although they have not been able to convince the whole world in this regard. Nevertheless, those who do practise profit sharing plans consider them to be very successful.

• (5:00 p.m.)

It is my belief that the government was wise some years ago to recognize such plans and provide for their regulation. It is one thing to have a simple profit sharing plan under which the employer each year decides he is going to distribute a share of his profits to his employees. If that were the situation we faced it would not require such complicated legislation. The fact is, however, that profit sharing plans have become more and more complicated, and they have become more and more complicated, I suggest, for three reasons. First of all, it was soon realized that