

RECOMMENDATIONS

The Institute has reviewed the Discussion Paper and discussed some of its serious deficiencies. We have collected and reviewed statistics from various federal and provincial government sources that show the issue of farm taxation is very complex and the effect of repealing, amending or maintaining section 31 in particular is very uncertain. It is this very uncertainty that concerns us most. We are also concerned that the public impression of the farm sector is one of high incomes and low taxes as a result of prominent newspaper articles based on the Discussion Paper. Two very important magazines in recent articles have painted an entirely different picture of the future of farming in Canada and United States.

To take any specific action at this time would require the government of Canada to guess which differing viewpoint is the correct approach. Inevitably in any discussion of Section 31, the application of other farm tax measures are a major concern. Therefore, the Institute makes the following recommendations:

1. If the Committee accepts that on principle farm tax losses should be treated in the same manner as other business losses then this Committee should recommend to the Minister of Finance that Section 31 of the Income Tax Act be repealed.
2. If Section 31 is not repealed, the Institute recommends no amendment be made to the section in the spring budget. Further review should be made of the impact of Section 31 and appropriate amendment made this fall.