

*Income Tax Act*

I am not suggesting that this is not appropriate. Otherwise I would not have proposed it. But the burden of the measures proposed in this bill is heavier on corporations than it is on individuals.

**Mr. Lewis:** May I ask the minister a question? I just do not understand what he is saying. He must be referring to the fact that he is now requiring corporations to pay their taxes two months earlier.

**Mr. Sharp:** That is right.

**Mr. Lewis:** Surely they are going to pay the same taxes which are due in a year except that they start paying them earlier.

**Mr. Sharp:** Perhaps the hon. gentleman, who has been in legal practice, has not acted on behalf of corporations on many occasions.

**Mr. Lewis:** I have not at any time.

**Mr. Sharp:** If he had he would realize that the amount of levy we are placing on corporations by advancing the date of payment amounts to a permanent addition to the amount of taxes they pay for a year. They can never get it back because their payment dates are always advanced permanently. If we advanced the date another month they would have to pay another month's tax. In the bookkeeping of the companies there would not be any difference. They would show the same tax liability, but they have to put up \$340 million as a result of the advance of two months in the date of payment, which they can never recover and which is additional to the amount of taxes they have to pay as long as they remain in business.

**Mr. Lewis:** I am sure the minister is trying to enlighten everybody since he asserted with great conviction that he was not trying to deceive anybody. Will the total tax that a corporation pays for a tax year, let us say over the next five years, be higher than it would have paid if it did not start paying it two months earlier?

**Mr. Sharp:** Yes. In that five year period, if there is no further advancement of the date, all of the corporations will pay \$340 million more in taxes. This is a fact. I would not bring this forward if it were not so.

What has surprised me very much during discussions on the budget and on these bills has been the position taken by the New Democratic party about the Carter commission report. With the exception of the hon.

member for Skeena, who made the most devastating attack on that report ever made in this house, other members of that party have suggested that they accept the Carter commission report without qualification. However, one of the main effects of that report's recommendations, if we were to accept them, would be to reduce very substantially the total tax paid on corporation profits because they propose that the ceiling rate on corporate tax paid to federal and provincial governments should be a little lower than it is in some provinces today. They also recommend that the tax paid by corporations should be regarded as a tax paid on behalf of the individual shareholders when they pay their individual income taxes. Moreover, if the hon. member for Skeena suggests that the tax upon rich individuals would be raised I point out that this is not so. What Mr. Carter and his commission have proposed is that the marginal rate of tax should not be higher than 50 per cent. On the other hand, what he does propose is a tax on capital gains.

In the case of corporation taxes the effect of the Carter commission report is to reduce the burden of taxes resulting from our present system of taxation. The commission suggests that this be done by reducing the overall rate of corporation tax and giving as a credit to the individual taxpayer the tax paid by a corporation. In making the arguments they have made, members of the N.D.P., are really contradicting the position they have taken in unqualifiedly supporting the report of the Carter commission.

I have no objection if the committee wants to take the word temporary out of the heading to the clause. However, I would not be in favour of it because I do not think it would then give an accurate presentation of the purpose of this surtax, which I say with great confidence is a temporary surtax. If the committee were to agree to delete the word temporary there would in fact be the suggestion that it is a permanent surtax.

**Mr. Douglas:** Mr. Chairman, the minister keeps saying that this is a temporary surtax merely because he states that it is his intention to terminate it at some time or other. We are not dealing with the minister's intentions. We are dealing with legislation. The minister can state his intentions, and he may be perfectly sincere in his wish to carry them out. But the minister of finance can change. The government can change. And the government