

*Tax Court of Canada Act*

that the collateral provided for that amount be returned to him until he appeals before a court from the assessment or the new assessment established by the Minister of National Revenue.

Moreover, if Revenue Canada has not replied to an objection filed by a taxpayer within 120 days from the date he served his notice of objection, the taxpayer may ask that the amount in controversy be reimbursed to him or that the security offered by him be refunded, without having to appeal to another court.

In addition, the proposed Bill includes safety features against possible abuses of the new system. Where there are reasons to believe that the granting of a delay could jeopardize the collection of the amounts in controversy, the Bill allows Revenue Canada to take forthwith recovery action. On the other hand, the taxpayer has a right to ask a judge to review the opinion of Revenue Canada that the collection of the amount in controversy would be jeopardized by such a delay.

There is in the Bill another safety clause which authorizes the courts to collect an amount not exceeding 10 per cent of the amount in controversy in the case of an appeal which they deem unfounded and made essentially for the purpose of unduly postponing payment of the amount of an already owed contribution.

Mr. Speaker, the inclusion in the Income Tax Act of provisions dealing with the payment of amounts in controversy is a concrete effort to ensure the equitable application of our tax collection system, based more on a spirit of natural justice than judiciary procedure. Thanks to these provisions, taxpayers will not have to pay taxes which they feel they do not owe as long as their cases have not been heard by an independent court. In other words, the taxpayer will not be deemed guilty until fairly dealt with by the courts. This is a major step in the implementation of a fair and equitable tax collection system for all Canadians.

The other proposals in Bill C-72 have been introduced in the Ways and Means Motion tabled on May 9, 1985. Being for the most part technical, those legislative proposals are aimed at improving and updating the Income Tax Act.

The new overall budgetary objectives had a limiting effect on the number of amendments proposed to the taxation legislation. The result of this is that the most important amendments are part of the budgetary process, while the other required changes however of a technical nature and perhaps secondary and of a lesser economic impact, are often indefinitely deferred. The introduction of a procedure to implement that kind of change outside the budgetary process therefore appears to us to be essential and necessary. The procedure thus chosen is to periodically table an Income Tax Bill providing for subsidiary technical changes. The substantial changes deriving from public and major policy initiatives will remain within the budgetary process.

The amendments proposed in this technical bill have been chosen on the following grounds: first, they dispel uncertainty; second, they include legislative measures of relatively little complexity; third, they have a minor impact on revenues, and fourth, they tackle real problems. Moreover, many amendments improve the currently unsatisfactory French version of the Income Tax Act.

● (1650)

The motion tabled on May 9, 1985, was later referred to the Committee on Finance, Trade and Economic Matters. Generally speaking, the committee report is most positive. On the one hand, it unreservedly supports the principle that matters of a technical and administrative nature be treated separately from major policy issues. On the other hand, it comments very favourably on the large number of changes proposed in order to make the French version of the Income Tax Act more accurate.

During the sittings held in early June, the Committee considered each of the changes proposed in the 118 technical clauses of the Bill. Of that number some clauses, in the opinion of the Committee, should be examined more thoroughly by the Government. However, the comments pertaining to six of those seven clauses, far from criticizing the technical amendments involved, dealt with points of policy and administration that clearly go beyond the scope of amendments. Therefore, such matters will not be solved by rewarding the amendments, but will be considered whenever future amendments are proposed within the framework of the budgetary process proper. It should be added that following the Committee's comments, there was one amendment made to the Bill. This is the amendment adding subsection 162(2.1) on the late filing of income tax returns due to corrections made to foreign income tax, and this amendment has therefore been withdrawn.

Furthermore, technical amendments cover a number of other proposals, all of which are also strictly technical and arise from documents and representations received since the Ways and Means Motion was tabled in the House on May 9 of this year.

The Bill before the House today contains many technical amendments relating to a wide range of questions. I shall summarize the most important ones. Deductible charitable donations not deducted in a given year may be carried forward to a subsequent year. Persons afflicted with a total and permanent disability are entitled to roll over a life insurance policy into an annuity, without paying income tax. A taxpayer who buys a house, rents it and subsequently uses it as his principal residence may defer the capital gains accrued during the rental period until the house is sold. Furthermore, he may designate the house as his principal residence during the four last years, or less, of the rental period, in order to be eligible for the exemption from capital gains tax on a principal residence during that period. Moreover, the period allowed to acquire