

Income Tax Act

provided for benefits received by an employee from his employer's contributions to certain insurance or retirement plans, such as a registered pension plan, a group sickness plan and, as the law reads at present, to a group life insurance plan. The amendment inserts the expression "group term life insurance plan" in place of the present words "group life", in this list of exceptions. The effect of the amendment is that the benefit derived by an employee through his employer's contributions or premiums under a group life insurance plan will in future be excluded from income only if the employer's contributions are to provide term insurance.

It has been intended in the past that this exemption from income would apply only for term insurance and generally this has been the kind of insurance provided under employees group life insurance plans. However, recently there have been indications that some employers were arranging to provide a few key employees with substantial tax-free benefits in the form of permanent type life insurance policies with cash surrender values. This amendment is intended to make sure that this kind of benefit does not go tax-free.

The expression "group term life insurance policy" is defined in clause 27 as a group life insurance policy, under which no amount is payable except in the event of the death or disability of the taxpayer.

[*Translation*]

Mr. Dionne: Mr. Chairman, not having had the chance yet to express my views in the budget debate, I take this opportunity to make known the representations I received from the voters of the riding of Kamouraska following the budget speech delivered by the Minister of Finance.

At the beginning of my remarks, I will first point out the disastrous results of the 11 per cent sales tax on building materials. I will dwell on this a little and then I will mention some decisions taken quite recently about depressed areas or other matters, but I will insist especially on the government's decision to tax building materials and manufacturing equipment.

That decision is unfair in many respects.

In spite of numerous protests, the government decided to reduce the 11 per cent tax to 4 per cent, with the avowed intention to increase it eventually to 8 per cent, then to 11 per cent.

Considering that the budget has already been greatly amended, I still think that the voters of the county of Kamouraska and all Canadian voters would be quite happy if the

[*Mr. Gordon.*]

minister could find another solution and did not implement his decision to increase the tax up to 11 per cent.

In view of the amendments already made and the numerous representations coming from here and there, we are still hopeful that the minister will reconsider his original decision and that this famous tax will finally be abolished.

We have every reason to believe that the minister's advisers are not much aware of the importance of the wood products industry, because they would not have advised him to levy a tax on machinery required by that industry. While I am speaking of advisers, perhaps I might venture to give some advice to the Minister of Finance in the preparation of his next budget: I urge him also to consult labour and farm organization leaders, and representatives of Canadian families, instead of consulting only the representatives of high finance.

Of course, in the field of forestry, large companies are concerned when it comes to the payment of taxes on operating equipment. But there are also thousands of medium and small businesses, which can hardly live and often suffer heavy losses and even must be closed following such a disturbance in the organization of their operations.

We know perfectly that when a firm has to pay a 4 per cent tax on the purchase of a bulldozer costing say \$30,000, its operating costs will be increased and this will be taken into account when the finished product will be sold and competition will thus create difficulties in many cases.

In short, such a tax will have unfavourable repercussions in the building field and will inevitably cause a price increase—

Some hon. Members: Order.

Mr. Dionne: I am sorry—

[*Text*]

Mr. Macaluso: I rise on a point of order, Mr. Chairman. These remarks are completely out of order. The hon. member seems to be talking about the sales tax bill rather than the income tax bill which is presently before the committee. I hope therefore that the Chair will kindly bring the hon. member back to the income tax bill which is under discussion.

[*Translation*]

Mr. Beaulé: Mr. Chairman, just a word on the point of order. A while ago, the hon. member for Renfrew spoke about everything under the sun except Bill No. C-95, but nobody objected.