

*Income Tax Act and Estate Tax Act*

Many of these small businesses go broke. We might ask ourselves, what we are doing in respect of these little grocery stores and so on? All these people ask for is an opportunity to operate a small business or farm, economically if possible, so that they will be independent. What should the government role be in this regard? The government should make it possible for them to operate these businesses. Instead, the government with one hand is reaching in their pockets, and with the other hand is forcing them to split up these economic units. The Farm Credit Corporation provides money for the setting up of the economic unit and then the government turns around and introduces legislation which in effect says that the economic unit must be split up. Where can the money come from? These people do not have money lying around. In the farm industry, as in business, there is always room for improvement. Therefore, the money is continually tied up.

The trouble with estate taxes is that they destroy incentive. What small businessman will spend money to improve and expand his operation if by doing so he is subjecting his property, and his heirs, to a crippling tax payable on his death? Surely, this encourages economic stagnation, rather than stimulating this growth which Canada badly needs. I think whatever may be said of Premier Thatcher in Saskatchewan, he fairly well understands the situation. For this I give him full marks. I believe he is well aware of the need for capital in that province. I think he has indicated his government is quite prepared to quit levying estate taxes. These are some of his comments as reported in the *Leader Post* of January 31, 1961:

The government of Saskatchewan adheres to its basic position that estate taxes in these times of inflated land values, will work a particular hardship on farmers.

The \$50,000 limit is all right, but as far as I can see he hasn't changed his rates which we describe as savage.

I welcome the proposal to allow payments on estate tax over a period of six years.

This is fine, except that I wonder why interest must be collected on the balance owing. Even if estate taxes are necessary, why must interest be collected? All the government need do is wait six years and everything will be balanced. There is no need to apply interest on top of an inequitable tax. I am sure the minister might wish to look at that. The estate tax is not like the income tax under which, if there are arrears, another tax payment is due in the following year. This is

[Mr. Korchinski.]

a once in a lifetime situation. If we are to make payment of the tax as easy as possible, then surely it is not essential that interest be collected. The minister will receive the same amount of revenue in the end.

In the next minute or two, before concluding, I should like to suggest that the government should consider dropping out of the estate tax field entirely. However, if the government feels it must remain in this field I believe it should consider the fact that many of these values are inflated and, therefore, the exemption should be increased to \$100,000. As reported in the *Toronto Telegram* for February 11, 1969 the President of the Canadian Imperial Bank of Commerce is quoted as saying:

Reducing exemptions in estate taxes would run counter to other government policies and could weaken Canada.

The article with reference to the President of the Canadian Imperial Bank of Commerce states:

His criticism of the inheritance-tax changes was part of an attack on Government tax and welfare policies which, he claimed, promote inflation and reduce the individual's incentive to work.

People in banking are familiar with the struggles of small businesses to build up assets. It is a slow, laborious process.

Small businesses, often they are family businesses, do much for the strength of Canada. Why should they be put in jeopardy when the owner passes on?

It would be "tragic" if Canadians lost their initiative because of Government policies.

I simply want to say that the government should not heed pleas like those we heard last night from the hon. member for Oshawa-Whitby (Mr. Broadbent). We heard that all inheritances other than those of a spouse, should be taxed 100 per cent. I say that is communism. At the present rate, even though it is 50 per cent, I say to the government we are half way toward communism.

## BUSINESS OF THE HOUSE

**Mr. Baldwin:** Mr. Speaker, may I ask the Minister of Finance (Mr. Benson), probably as acting house leader, whether we will be carrying on tomorrow with this item. The house leader suggested, I think last Thursday, that we should deal with this bill on Tuesday, Wednesday and Thursday of this week. I assume this will be the order of business.

**Mr. Benson:** Yes. The intention is to carry on with this bill through the second reading stage, the committee stage and the third reading stage.