

*Income Tax Act*

**Mr. Korchinski:** I have not made any calculation of that sort, and neither has the questioner.

**Some hon. Members:** Hear, hear!

**Mr. Korchinski:** But let me say this to the questioner: Whether \$1 million or \$2 million came from the farming community, I think he would admit that the farming community is not in a position to give up that amount at this particular time.

**Mr. Osler:** Mr. Chairman, I have a couple of points I should like clarified. We are talking about capital gains made on farms, but it seems to me that the motive of the present system in this country is profit. Profit can only be derived from a system that is backed by capital investment. As far as three out of the four parties in this House are concerned, there is nothing wrong with capital investment.

I think there are two classes of people who have to be considered when we talk about capital gains tax, of which I am fully in favour. Having invested capital, you expect to make a profit and also a capital gain. Profits and capital gains should both be taxed. However, there are two classes of people in Canada who are in a unique position and should be considered—the good guys and the bad guys, as it were. In this case, the good guys are the farmers and the small businessmen. I suggest that for “small businessmen” we use the definition that the government of Canada has used in other parts of this legislation, namely, someone who has accumulated no more than \$400,000 worth of profits. Up to that point they are small businessmen, at least according to the way in which the government treats their profits. I suggest it is also reasonable to treat such small businessmen in exactly the same way on the subject of capital gains.

I make one simple request to those on the government side who are listening to me tonight, and it is this. As the previous speaker said, it will not cost the people of Canada a lot of money. In fact, in the long run it will probably save them a lot of money because it will ensure that the profit system will still work and that the private investment system will still work. I refer to allowing the genuine farmer—I leave it to the government to define what is a genuine farmer—and the small businessman, and I have suggested a definition for a small businessman, to take advantage of the same provision, when a capital gain is realized at death, that applies under the Estate Tax Act. I suggest the government give the estates of these two categories five years in which to pay the estate tax that is levied at death. In that event the family would continue to operate the family business. The farm and the family store are both springboards from which we have developed this country, a country that is just beginning to arrive at a take-off position.

**Mr. Saltsman:** Mr. Chairman, I listened with great interest, as did all members of the committee, to the hon. member for Mackenzie, who I hope will shortly return.

**An hon. Member:** He hasn't left.

**Mr. Saltsman:** I am delighted to see him behind the curtains. As always, I listened to him with a great deal of interest, though I was a little surprised by his rather

[Mr. Saltsman.]

immoderate stance this evening since I have always known him to be a man who is very careful and cautious in debate and who always qualifies the remarks that he makes. I know how concerned he is that he not be misunderstood, that he be fair to everyone in his contribution to the proceedings in the House. This is why I was rather surprised by his comments on the amendment, which I felt were rather intemperate in spots.

I think we would agree with him to the extent that farmland that is passed on to members of the family unit who continue to farm it should receive special consideration. However, the amendment does not make that provision. What it provides is that all land used for farming be exempt from capital gains tax. If we were to accept that kind of proposition, I think we could equally put forward the same proposition on behalf of small businessmen in the community. There are small businessmen as well as farmers in the hon. member's constituency.

How would these businessmen feel if the farmers were able to pass on their land free of tax, whereas if they passed on their small stores, or whatever it was, they were subject to tax on a capital gain? Surely all components of a particular community should be entitled to the same consideration and justice. After all, they all hang together. Merchants and farmers are to a certain extent dependent upon each other, which is why I was rather surprised to hear him say that only farmers should be exempt.

I was particularly surprised that he should criticize my party's position in not moving an amendment to the amendment. We did in fact look at it with a view perhaps to moving a subamendment, and had it made sense we would have done so. It is difficult to add to something that is pretty senseless in the beginning. Therefore, we want to move an amendment later in the proceedings which will indicate our position more clearly, rather than support an amendment we now feel is essentially bad.

• (8:30 p.m.)

A case can be made for farmers being granted exemptions of various kinds. Everyone in this party knows how difficult the situation can be for a farmer who has built up assets and then has to dispose of them, being subject to a tax he may not be able to meet. We are very much concerned about this. For that reason my colleagues have urged that various measures be applied. We think there should be a long-term exemption when the assets are being passed on from one member of the family to another. But if one member of the family decides to get out of farming and sells the land for real estate development, what is the rationale for granting an exemption on that type of speculative sale? Every speculator in our society would ask for an exemption—and we feel there has to be fairness among speculators.

We have talked about equity among working people and among various classes in our society. But if the hon. member for Mackenzie thinks speculators in general should be subject to a capital gains tax, how can he with any sense of fairness say that only one type of speculator shall be excluded from the provisions of the tax system? I know he is a fair man and I am quite sure that if he reconsidered some of his remarks he would realize this suggestion just does not stand up on the basis of equity.