

However, I should note that the taxation of capital gains is now a fundamental part of the Canadian tax system. The remainder of our present tax system depends on the continued taxation of capital gains. We would need a quite different system if the taxation of gains significantly was reduced or if it was altered. The issues involved can be traced to the changes which occurred in taxation in general around and subsequent to the introduction of the taxation of capital gains, and these changes included the way in which corporations and shareholders are taxed in general.

The federal government vacated the estate and gift tax field, and most of the provinces have also stopped taxing estates and successions. The deemed realization of capital gains upon death is thus the only tax collected upon inheritance. As a result Canadian taxation of transfers of wealth among generations is among the lowest in all industrialized countries.

Capital gains are distributed very unevenly among income classes. In 1978, while the top seven tenths of 1 per cent of all tax filers—in other words, those people with incomes of greater than \$50,000—accounted for 5.1 per cent of the total income reported on tax returns, these same people received 38.8 per cent of all net taxable capital gains. The treatment of

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capital gains thus has great significance for the distribution of taxes and also for the distribution of income. It should also be noted that the introduction of the capital gains tax was accompanied by a reduction in the top marginal tax rates of the income tax.

The Minister of Finance (Mr. MacEachen) has indicated that such a change to remove capital gains taxes would reduce federal revenues by some \$700 million this year, and the provinces would suffer an associated revenue loss of some \$300 million, substantially more than referred to by the hon. member opposite.

All of the factors I have just mentioned, plus others, are being assessed in the current study, and the minister has indicated clearly that it is his intention to release this study. This will provide an opportunity for full and informed discussion. A further option would be to refer the study to the Standing Committee on Finance, Trade and Economic Affairs, and the minister has indicated that he will take a decision on this particular question at the time the study is released.

**Mr. Deputy Speaker:** Order. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

Motion agreed to and the House adjourned at 10.18 p.m.