

*Income Tax Act*

what does the Department do? The farmer sells his farm so he can live the rest of his life at a reasonable standard of living—not in luxury—but half of what he receives has to be shoved into income tax.

● (1250)

Not only that, many farms in western Canada are sold on an instalment basis. A farmer sells to his hired man or his son and he says he will sell his farm and it will be paid for over a period of 10 or 20 years. "Give me enough each year so I can live", he says. But what did the Department say in the Budget brought down by the Minister of Finance at the time, I think it was the Deputy Prime Minister (Mr. MacEachen)? They said you pay the total capital gains tax on the selling price, even if the money is not even in your pocket. So hundreds of sales were stalled and elderly people had to stay on the farms because they could not afford to go to the bank and borrow money to pay capital gains taxes.

The Hon. Member for Mississauga North should find out the truth about things before he stands up in the House and says that this is of no value to our people. It is their pension. If we say to Members of this House that their pension is of no value to them, well, you are saying the same thing to a farmer or businessman, that their farm or business is of no value.

Capital gains taxes discourage people, Mr. Speaker. A businessman will say that if he expands his business, when he sells it he is going to get stuck with capital gains taxes. Many people sell before they reach retirement age. They say they do not mind paying a reasonable tax buy they are not going to expand their business and hire another seven people. I cited that example in this House before. A businessman could have hired another seven unemployed people, the business was there, he had the land, he just needed to make the investment. But he said to me: "If you think I am going to work my fingers to the bone and then have the Government take it over, nothing doing. I will work for my wife, my family, my parents, but not to give all this capital gain to the Government". How many other businesses in Canada did not expand? Hundreds, I think.

The Government wonders why people are unemployed, yet here its policies are discouraging people from expanding and hiring people. We had better start taking a careful look at some of these things. In any case, capital gains should not be applied to the farm. Farm land is producing food for this nation; it is a valuable asset. In my view, capital gains should be taken off entirely in cases of farm land.

Another point I want to mention before my time is up concerns part-time employment. The Act says that part-time losses from a farming operation are deductible to a maximum of \$5,000. I know a businessman in my constituency whose losses on his farm last year were \$9,000 but the Government will not give him any credit for that. This Party asked the Government to increase the \$5,000; it is years out of date, but nothing happened. If we are going to tax people it should be on their income, and if they had expenses in producing that

income, whether it is part time or full time, they should be able to deduct those expenses.

Another point concerns reassessment. I have a case here where a man's income tax was reassessed the same day by two different people. One officer sent him a letter saying there is no tax required, another officer checked the same file a few hours later and sent him a bill for a few thousand dollars. These reassessments are getting to be ridiculous. Does the Department not know what it is doing?

**Mr. Wise:** No.

**Mr. Taylor:** I think that is right. That is what this taxpayer says. I just wrote a letter to the Minister asking him to check into this case because surely the Minister will not stand for people doing that in any tax office, reassessing and reassessing and reassessing. No taxpayer will know where he stands.

This Act needs a lot of revision, Mr. Speaker. I hope many of these points will be brought out in amendments before the committee.

**The Acting Speaker (Mr. Corbin):** Order. Questions or comments? Debate.

**Mr. Cooper:** Mr. Speaker, is it possible to call it one o'clock?

**The Acting Speaker (Mr. Corbin):** Is there unanimous consent to call it one o'clock?

**Some Hon. Members:** Agreed.

[Translation]

**The Acting Speaker (Mr. Corbin):** It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

#### AFTER RECESS

The House resumed at 2 p.m.

[Translation]

#### CHIEF ELECTORAL OFFICER

##### TABLING OF 1983 REPORT

**Madam Speaker:** I have the honour of laying on the Table of the House of Commons the 1983 Statutory Report of the Chief Electoral Officer of Canada.

I wish to remind Hon. Members that in accordance with the provisions of Standing Order 46(4), this report is deemed to have been referred permanently to the Standing Committee on Privileges and Elections.