

Excise Tax Act

Act. Sales taxes on motor fuels have been transferred to the manufacturer to solve the administration and reporting problems which became apparent when these fuels were taxed at the wholesale stage.

The burden of federal sales and excise taxes on leaded and unleaded gasoline has been balanced to support the efforts of the Minister of the Environment who is trying to eliminate lead emissions from gasoline.

The tax rate on alcoholized coolers has been lowered to correspond to that of wine-based coolers to grant them equal tax treatment.

The provisions on the reimbursement of the sales tax for certified public institutions have been made more specific to ensure that the tax abatement is limited to non-profit organizations. Certain compliance provisions of the Excise Act have been reviewed to reflect reduced on site surveillance by excise officers in relation to the production of alcohol and tobacco products.

In addition, the Bill contains certain measures to reduce the paperwork of small businesses; more specifically, the tax ceiling for periodical and seasonal returns has been doubled, which will allow some 2,000 additional taxpayers to pay their taxes four times a year, twice a year or periodically rather than every month.

In response to the concerns raised by cultural groups, original engravings have been exempted from the federal sales tax.

Mr. Speaker, this Bill also amends certain fair price provisions included in Section 34 of the Excise Tax Act. Under the proposed amendment, the tax will apply on fair market values when non-arm's length sales are made. This amendment follows a recent ruling by the Federal Court which questioned the power of the Minister of National Revenue to determine the value of a product for tax purposes under such circumstances.

That amendment, as well as the provisions concerning the taxing of marketing and distribution costs, which will be implemented under another bill on November 1, 1988, should effectively solve the problem of value for the purposes of the sales tax before the second phase of tax reform is carried out.

Finally, the bill implements the provisions announced in the budget speech of February 1987 according to which the tax levy is shifted to the wholesaler's level for a variety of items such as candies, snack foods, pet food and certain electronic equipment. Those changes will come into effect on various dates between May 1 and August 1, 1987. When the proposed rules on marketing and distribution costs are enforced on November 1, 1988, the tax levy on most of those items will be shifted back to the manufacturing level.

Other minor technical amendments provided in the Bill are aimed at clarifying the interpretation of some provisions in the

legislation and to give legislative authority to some present administration procedures.

In conclusion, Mr. Speaker, I want to reiterate that it is a very important bill. It is one of the basic aspects of our comprehensive tax reform which will enable us to reduce considerably the income tax collected from 8 out of 10 Canadian taxpayers. Moreover, it completes important steps in our Government's comprehensive strategy which is to reduce the deficit and to improve the financial management of the economy.

To enforce those changes, I call upon all Hon. Members to approve the Bill as soon as possible.

• (1140)

[*English*]

Miss Aideen Nicholson (Trinity): Mr. Speaker, this is a Bill to implement a number of increases in excise taxes. This is from a Government that came to power on a promise to reduce the deficit without increasing taxes.

The Prime Minister (Mr. Mulroney) was quoted early on as saying that taxes would not be increased generally because Canadians already pay a lot for the services they receive from the Government. He was also quoted as saying he would tax the rich, that the rich would pay handsomely. However, what is happening is that we are seeing enormous increases in sales taxes. The Minister of Finance (Mr. Wilson) regularly inveighs about the manufacturers' sales tax, which he says is a silent killer of jobs, yet he uses it and abuses it and piles taxes upon taxes on Canadians. Between the increases in personal income tax, many of them hidden because they were arrived at by deindexing, and the increases in sales taxes, this Government has taken an additional \$22 billion from Canadians since it came to power.

• (1150)

In his speech the Parliamentary Secretary also made a reference to reduction in personal income tax of approximately \$2 billion this year. The Minister of Finance takes \$22 billion away over a five-year period, proposes to hand back \$2 billion in the pre-election year, and we are all supposed to be grateful. As the Parliamentary Secretary pointed out, many of these measures in the Bill before us were contained in the White Paper last June, the so-called tax reform paper, which also had a lot of the features of a budget, and in the subsequent Ways and Means motion tabled December 16. In addition, this Bill implements some of the measures announced in the Budgets of February 18, 1987 and February 10, 1988.

In talking about the White Paper, the Parliamentary Secretary repeated the myth that his Party has continued to express, that the package is fiscally neutral. The effect of fiscal neutrality is achieved by smoke and mirrors. The package the White Paper produced was to involve reductions of personal income tax by \$12 billion over a five-year period, and an increase in corporate taxes by \$5 billion over a similar period,