

*Income Tax Act*

over-all provision of the income tax legislation, it does take a clearly different sense, since it is then replaced in the general context of the section which this bill is designed to amend.

Second, I would like to come back immediately to certain objections or questions that have been raised. Perhaps I ought to deal with a general question which I wrote down, namely, the comments made by the hon. member for Broadview-Greenwood about capital gains and especially the working documents tabled by the Minister of Finance. As I recall, the hon. member raised two points. First, he was anxious to know what the government intended to do with the document. I would like to tell him what the decision is, but it has yet to be made. I might add that I fully agree with him and that we must have a debate, but it has to be properly channelled in the sense that it is not good enough to gather opinions from left and right and here and there throughout the country. We have to find a way of synthesizing and classifying these opinions so as to be in a position to make decisions concerning the relatively wide field of capital gains taxation. The hon. members also stated that the government, as such, has not taken a stand on that document. I suggest that since the purpose of the document is to launch a debate, and convinced as I am of the need to synthesize or, if you will, to channel the debate and gather information, we should wait for the feedback before taking a stand on the documents. Along with some of his colleagues, the hon. member pointed out that there are two schools of thought which might very well be at opposite ends of the spectrum. In other words—and this has come up several times in the course of the debate, some people would do away with all taxes on capital gains, yet others advocate higher tax rates on capital gains. I think as the debate progresses we will find out about public reaction to this, and it will be a lot easier to decide what is the best course of action within our taxation system.

I am not sure we will see an ideological coalition of Conservatives and Liberals and New Democrats once the government policy on capital gains is known. However, it will reflect the common sense which has always been the characteristic of Liberal policies.

One aspect of this bill has been the object of attention and lengthy comments. All members are concerned about it and I have the impression that it is of concern, more particularly and more especially, to one of my cabinet colleagues, the Minister of State for Small Businesses, for it concerns the Small Business Development Bond.

The first comment we hear about this measure is that its application is overly restricted, suffice to re-examine the expression itself to realize that its application must be restricted since it is a Small Business Development Bond.

I know that the hon. member for Mississauga South (Mr. Blenkarn) would like it better if these bonds covered the inventories, the working capital and a wide variety of the financial requirements of small businesses. In addition, the

hon. member is convinced that the government must use the available funds as judiciously as possible. And I am sure the hon. member will recognize that the decision to give priority to the development of small business by limiting this type of bond, especially in these times of high unemployment where the availability of funds is limited because of the government's commitment to restraint, is a government decision which will certainly be looked upon favourably by most people.

Other comments have been made about this provision. I think we will have the opportunity of discussing it later on tonight or at some other time.

Some members have also dealt with the greater flexibility which will be afforded with regard to the taxation of income from the sale of farm property, especially when such a sale is effected within the same family.

I would first like to indicate that those provisions already exist on the fiscal level to facilitate the transfer or sale of farm property between members of a family.

I must also add that the tax measures relating to such sales or transfers of farm property do contain certain restrictions.

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For example, residence is excluded and there are various measures which encourage the sale or transfer of property to members of the same family. Now the wider question of whether or not to facilitate even more the sale or transfer of farm property relates to the taxation of capital gains, and since a working paper has been tabled, we think that it would be wiser and better to wait until the capital gains policy has been reviewed before changing the present provisions which are quite generous with regard to the sale or transfer of farm property between members of a family.

I think the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) also referred to the provision relating to alimony for common law spouses. He was surprised to find that this provision which was in the December 1979 budget was left out of this bill. I would draw his attention to the fact that it has not been left out, and I refer him to Clause 29 of this bill.

The hon. member has also asked us to reconsider the case of common law couples who could be entitled to a married exemption. It is clear that in our present taxation system married exemptions are only granted to married couples. It seems very easy to consider positively such a request, and it is not the first time that it has been examined. The problem lies in the fact that as far as common law couples are concerned we are dealing with personal conditions which are often changeable. It is quite difficult to get a clear and specific definition covering the cases which the hon. member would like to include. However, this study is made regularly and we are trying to draw up a provision which would entirely cover those cases, without being discriminatory.