

Income Tax

"The New Canadian Tax and Investment Guide", which has this to say:

—the wealthy investor will pay the same rate even if his investment income increases from, say, \$200,000 to \$300,000 in a given year. While the MacEachen Budget has been promoted as an attack against the rich, a close analysis of these numbers will show that the rich are virtually unaffected. For the rich and the super rich the budget provides a 10 per cent decrease in tax rates.

That point has been made several times already and I think it is indefensible. The newspaper columnist, Don McGillivray, has estimated that people earning over \$25,000 per year will together be saved \$1 billion in taxes as a result of this legislation.

One particular but very important example of how the Government continues to take from those who can least afford to pay is that the child care allowance remains at \$1,000 even though it may cost \$300 per month to put a child in daycare so that the parent can work. Compared to the generous business expense allowances contained in Bill C-139, that is shockingly low.

At a time when unemployment insurance benefits and health benefits—which are an indirect tax and are enforced directly or indirectly by federal budget cuts—have gone up by as much as 40 or 50 per cent, direct taxes on people of low-income are being raised while taxes on high-income people are being lowered. That policy has been followed almost consistently since World War II.

In 1950 individual income tax accounted for a little over 50 per cent of total taxes and corporation taxes for slightly under 50 per cent. By 1980, thirty years later, individuals were paying 76.6 per cent of the taxes, three quarters, while corporations, instead of paying half, were paying 23.3 per cent.

Members who spoke previously mentioned the terrible environment for business that has been caused by taxation yet the figures show that the amount of taxable profits taxed in wartime was 50 per cent. That has now dropped to 37.4 per cent. It seems that corporations and businessmen have far more of their taxable income to reinvest now than they had a generation ago. In fact, in 1979 over half of the corporations in this country paid no tax at all. So the situation has been very favourable to rich individuals and corporations and very unfavourable to poor and middle-income people, and this Bill makes things even worse.

The most serious thing the Bill does to make it worse for low and middle-income people is that it deindexes the exemptions. Exemptions which should have been indexed at 11 per cent are now to be indexed at only 6 per cent. That probably means that \$100 or \$200 will be taken out of the pocket of the average person. With 15 million taxpayers, that means that probably \$2 billion or \$3 billion will be lost by low and middle-income people and put into the coffers of the Government to be spent on corporations.

Two or three years ago the corporations, which together paid \$11 billion in taxes, took out \$15 billion in grants and tax expenditures. That is a 36 per cent rate of return, Mr. Speaker. If you are a big corporation, it meant you put in \$11 and got \$15 back from your friendly Government. The difference

of \$4 billion had to come from low and middle-income people. That is the way the Government is going to get it.

I strongly support the proposition of the Leader of my Party that people who earn over \$40,000 per year, including Members of Parliament, should pay a surtax. With a reasonable surtax on high incomes we could readily get the money we need for economic development. Instead of people earning over \$25,000 per year getting a tax cut; it will be people who earn under \$25,000 per year will get a tax cut.

I want to turn now to the matter of the money that immigrants send to relatives overseas. Immigrants have been coming to this country ever since our ancestors were immigrants, and even longer than that. Generally speaking, they have worked hard. Often they came because it was the only way they could support their dependants in the old country. Many dreamed of bringing their dependants over here and some were able to realize that dream. Those who have not been able to, often continue to meet their obligations of supporting their dependants who live overseas. According to Clause 76 of this Bill, they will now not be able to do that with tax exemptions, except for a spouse or child. The Government has been so sure of this that this provision appears in this year's income tax forms.

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The Government took a whole year to bring this legislation before Parliament. It is not really interested in whether or not the legislation is passed because it will tax the people anyway. It will take money from them which it predicted a year ago but did not bring such a measure to Parliament until the last few weeks.

I protested against this a year ago, on November 17, in a motion under Standing Order 43. I challenged the principle and pointed out that the people who were asked to do the hardest work, the people who are asked to be responsible citizens, were being tax penalized for being responsible citizens and for saving money to send to their relatives overseas. It is argued that some of them cheat. I do not deny that probably some of them do, but does that mean that Canadian-born people do not cheat on their income tax? Ridiculous! We do not cut out the huge gifts to corporations because we sometimes find a corporation or an expensively-paid professional cheating on income tax.

I should like to refer to a letter from Albert Wu, president of the Chinese Canadian National Council, directed to the Minister of Finance (Mr. Lalonde), in which he gave the rationale for the opposition of his organization representing Chinese people across Canada. It reads:

The move to eliminate the tax deduction for overseas dependents would unjustly penalize recent immigrants, most of whom eke out a livelihood in Canada with poorly paid jobs, and whose parents and dependent relatives still reside in their countries of origin. They are the people who most need relief from the economic difficulties impinging on them. The proposed elimination of tax deduction for overseas dependents would only serve as evidence of the accusation that the Canadian Government treats immigrants as second-class citizens.