

*Income Tax Act*

22. (1) The Governor in Council, on the recommendation of the Treasury Board, whenever he considers it in the public interest, may remit any tax, fee or penalty.

(2) A remission pursuant to this section may be total or partial, conditional or unconditional, and may be granted—

The subsection goes on to cite three specific ways in which this may be granted. I wish to refer specifically to subparagraph (c), which reads:

in the case of a tax or fee, in any particular case or class of case and before the liability therefor arises.

If we apply this provision we shall see the result is that, notwithstanding the provisions of the Income Tax Act or any regulations thereunder, the Governor in Council can by Order in Council legally amend, revoke or render invalid the provisions of the Income Tax Act or the regulations thereunder in respect of any case or class of case before the liability under the Income Tax Act arises. Therefore, the Governor in Council could immediately for the taxation year, 1970-71, and for that matter any subsequent years or past years, extend the deduction presently allowed to self employed professionals, tradesmen and workmen who, by reason of their duties, are required to incur capital costs because of their particular type of work. This, I submit, can be done without any change in the statute, and it would be in harmony with the public interest, simply by remitting by Order in Council the tax which would otherwise be payable.

There are numerous precedents to substantiate this procedure. One merely has to look at the Public Accounts. I am referring specifically to Volume 2 of the 1969 edition. If one examines this Volume one will see examples to prove that this method has been used on numerous occasions and continues to be applied with relative ease. May I add here, also, that this is done with very little public attention, and little regard to the utilization, appropriation or misappropriation of public funds.

If we look at page 27-4 of the 1969 Volume 2 edition of Public Accounts, we shall find a review of all the motor vehicle companies which failed to live up to the terms of the Canada-U.S. Auto Pact and which were subsequently granted remission of customs duty and sales tax on certain motor vehicles, parts and accessories. We find that American Motors (Canada) Ltd. was granted \$3 million approximately; Mack Truck Manufacturing Company of Canada Ltd. was granted \$1,373,000 approximately, and that International Harvester Company of Canada Limited, was granted \$3,747,000 approximately. Then, we come to a huge remission. Ford Motor Company of Canada Limited was granted \$100,528,394. It seems strange and conspicuous that one of the most ardent promoters of the auto pact, Ford Motor Company, was the first company to fail to live up to the terms of the Canada-U.S. Auto Pact. I submit that it is certainly the company that can be charged with the highest degree of guilt in confiscating Canadian funds. It is quite obvious that the government has acquiesced in what has happened and accommodated the company, and that the government has allowed its powers to be "superimposed" by those of the Ford Company. I submit that if that does not mean special status, then the auto pact is not a reality.

[Mr. Mazankowski.]

Let us look at other examples of the government's utilization of the power under the Financial Administration Act. Under the category of "other remissions" on page 27-23, we find income tax remissions granted under "class of case" rather than to individuals. For instance, P.C. 1968-832, of April 30, 1968, authorized the remission of the amount of tax or penalty payable by any person under Part III of the Income Tax Act on interest on first mortgage bonds issued by Churchill Falls (Labrador) Corporation Limited. On that same page we can see a classic example of the retroactive powers of the Financial Administration Act. These are spelled out in instrument No. P.C. 1969-16/151 of January 28, 1969, which authorized the remission of income tax, interest and penalties to certain members of the Hutterian Brethren Church for taxation years 1961 to 1967. The rest of the notation under that item reads:

A study concluded that where the land and other assets, also profits arising from farming or other activities, are registered or held in the name of an incorporated company as nominees for the common use of each and all of the members, such colony or corporation is not taxable under the Income Tax Act but each member of a colony must include on his income his share of the profit attributable to the farming or business activities carried on by the colony of which he is a member. In the past, the majority of the members of the Hutterian Brethren Colonies did not apply for and did not receive payments under the Family Allowance Act and the Old Age Pension Act to which they would have been entitled if they had applied. The portion of income tax and interest that would otherwise be payable by the members based on the foregone amounts of family allowances and old age pension is therefore remitted, also penalties for late filing income tax returns for the years 1961 to 1966.

I submit that these two examples clearly illustrate that an accommodation, as suggested in the notice of motion, could easily be made under this act. That would avoid the discrepancies and inequities that are inherent in the present situation.

May I cite other examples of remissions, to be found at page 27-23. Some notable individuals are listed there. For example, we find the name of Mr. Lucien Saulnier. The notation reads:

P.C. 1968-15/2101, November 19, 1968, authorized the remission of income tax and interest paid in respect of the 1963 taxation year. It has now been ascertained that income tax and interest in the above amount were levied in error by a re-assessment issued in 1964—

That remission was \$8,424. There is another one involving a gentleman by the name of Mr. Ivan Head, who is now a special advisor to the Prime Minister (Mr. Trudeau), as follows:

● (5:10 p.m.)

P.C. 1968/1189, June 28, 1968, authorized the remission of income tax applicable to 1967 and 1968 taxation years payable by Professor Ivan Head on \$120 per month living allowance paid to him under the terms of an agreement with the Minister of Justice in connection with a special study of the Canadian Constitution.

With these examples, Mr. Speaker, I say to those members on the government side who were sympathetic to my resolution but who tried to confuse the issue that whether we set out to amend the regulations, or in fact the act,