

statistics show otherwise. In 1950, individuals paid 51 per cent of federal and provincial income taxes. Corporations paid 49 per cent. The sharing was roughly fifty-fifty. By 1980, individuals were paying 77 per cent and corporations only 23 per cent. This is a shift which has happened over the years, mainly while the Liberals have been in government, but it has continued under Conservative Governments as well.

Even among corporations there are inequities. The average tax rate for large firms is 24 per cent, but for small firms it is 36 per cent. These are 1979 figures. Oil companies pay taxes at a rate below 18 per cent and banks are generally under 20 per cent. Individuals, therefore, who think they are paying more in taxes are right, they are, because corporations are paying less. Among corporations it is especially small businesses which are hurt, and they are the ones who are our best employers.

Some corporations are not paying any taxes at all. The Bank of Montreal last year paid nothing in federal income taxes. One method by which corporations have been able to avoid taxes is by tax deferrals. It has been estimated that there are \$25 billion deferred taxes over the years, and some of that will never be collected.

[Translation]

What should be done? The New Democratic Party is proposing fundamental changes to our tax system, based on fair and equitable principles. Ability to pay should be the basic criterion. Benefits should be shared equitably. The emphasis on tax deductions should be shifted to a system of tax credits, because deductions are more or less advantageous depending on a person's income. Credits can be given across the board or can increase in inverse ratio to the income, as is the case under the present child tax credit system.

[English]

To conclude, Mr. Speaker, I wish to say there are enormous inequities in the current system which the present Bill does not address, and this situation is going to drag us further and further into inequality and loopholes. The New Democratic Party is firmly opposed to this. We will continue to fight for fairness in the tax system, which has to be a basic issue. It is one which Canadians expect and deserve.

**The Acting Speaker (Mr. Blaker):** May I remind the House that, as I understand it, Hon. Members in the New Democratic Party wish to have two speakers in the 20-minute period. It is difficult for the Chair sometimes to catch the eye of the Hon. Member who is speaking. In the present case, the Hon. Member for Broadview-Greenwood (Ms. McDonald) took 12 minutes. When I recognize the next Hon. Member of the New Democratic Party, obviously I will have to limit the time of that Hon. Member to eight minutes. In the interim, as I understand the House agreement, there will be an opportunity, but not an obligation, for a five-minute question and answer period at this point. Questions, comments? Debate.

**Mr. Terry Sargeant (Selkirk-Interlake):** Mr. Speaker, I am happy to have a few minutes to put on the record some

thoughts on the Government's latest plans for income tax changes.

**The Acting Speaker (Mr. Blaker):** Order, please. My apologies to the Hon. Member, and I will still give him his full time. However, I do have to deal with the matter of the adjournment motion this evening.

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## PROCEEDINGS ON ADJOURNMENT MOTION

[English]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

**The Acting Speaker (Mr. Blaker):** It is my duty, pursuant to Standing Order 45, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Bow River (Mr. Taylor)—National Revenue—Repayment of money to resident of Cochrane, Alta; the Hon. Member for Saskatoon West (Mr. Hnatyshyn)—Mines and Mining—Uranium City, Saskatchewan—Compensation sought for property owners; the Hon. Member for Western Arctic (Mr. Nickerson)—National Revenue—Northern benefits—Classification of taxpayers.

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## GOVERNMENT ORDERS

[English]

### INCOME TAX ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Lalonde that Bill C-2, an Act to amend the statute law relating to income tax and to make related amendments to the Canada Pension Plan and the Unemployment Insurance Act, 1971, be read the second time and referred to Committee of the Whole.

**Mr. Sargeant:** Mr. Speaker, I would like to begin by saying that small business people and farmers in this country are complaining that the income tax system is already too complicated, and they are absolutely right. They have every right to complain about the red tape and the many forms which go along with their income tax returns. The system is complicated. About that there is no doubt. The changes which the Government has in mind today will not make it any less complicated.

I suppose most Canadians could accept the complexity of our income tax system if it could be shown that there was no other way in which it could be done; if it could be shown that despite its complexity we had an income tax system which