

*Income Tax Act*

should look at some of its recommendations of a number of years ago. It was suggested at that time that perhaps it was time to bring fairness into the tax system and call a buck a buck or a dollar a dollar. For example, if one had a dollar of income, one paid income tax on it. We have called for a minimum tax recognizing, as even people like Ronald Reagan recognized in the United States, that there is a place for a minimum tax. Also there is a place for a tax system which is by and large based upon voluntary information regarding one's financial affairs for the year. We are asking people to co-operate in the most serious sense of the word. We are asking them to co-operate in determining moneys received, in identifying the taxes payable and in ensuring that the taxes are in fact paid. We ask them to co-operate as volunteers in this tax collection system. To have it work effectively, we must have a fair tax system. People filling out their tax returns must know that they are paying their fair share and that everyone else is paying their fair share as well. However, at present Canadian taxpayers know that that is not the case and that people often do not pay their fair share. They know that it is not a fair system and that it is biased in favour of certain individuals and businesses.

Turning to the business side of things, if we identify the 200 most critical tax incentives provided for business, the number set aside for small businesses is three; three out of 200 tax incentive programs designed for business refer to small business. Very clearly the emphasis or the bias in the tax system is toward the large corporate sector.

In terms of where jobs will be created in the future and recognition of the need for a fair tax system, Bill C-7 fails in moving toward either of those directions. It is simply a last ditch attempt by the past Liberal Government to bring in a few band-aids to be used on some obviously glaring errors in the tax system. Various sectors lobbied and lobbied for years for remedies to these errors. Finally government could not hold back any longer nor argue that this should not be done. Bill C-7 is a recognition of some of the most glaring examples of problems associated with the tax system. It does nothing to change it. It does nothing to improve the tax system. Basically it is the placement of a band-aid over another band-aid. That is all it really is.

*[Translation]*

**Mr. Guy Ricard (Laval):** Mr. Speaker, I want to thank you for this opportunity to address the House on a subject as important as Bill C-7, an Act to amend the Income Tax Act and related statutes. The two previous speakers said that we more or less copied the Liberal Party's Bill C-107. Quite frankly, if that is the only thing they did right in twenty-five years, I do not see why we should not make a few changes and present it to the Canadian people.

Mr. Speaker, considering the precarious state of the economy, Canadians have no other choice but to opt for change, and that is what they did and they did so very wisely. The Canadian people chose a Party commensurate with its aspirations, a Party that would be able to promote sound economic

growth for all Canadians, after the dictatorial socialism practised by the previous Government which kept Canadians from realizing their full potential.

Mr. Speaker, juggling with truncated constitutional agreements is not enough to bring Canadians back to their rightful place within the Canadian economy. We must above all, think as Canadians, with Canadians and for Canadians. We must restore this country's pride, and that is what the Progressive Conservative Government has undertaken to do and is doing at this time.

However, although our Party is more than willing to do everything it can, it is a fact, Mr. Speaker, that the legacy of the previous Government has left us with a shambles—

*[English]*

**Miss Nicholson:** Mr. Speaker, I rise on a point of order. Would the Hon. Member be kind enough to explain to us what connection his remarks have with Bill C-7?

**Mr. Hnatyshyn:** That is not a point of order.

**Mr. Blackburn (Brant):** He is supposed to be relevant.

**Mr. Foster:** He is supposed to speak to the subject matter before the House.

**Mr. Deputy Speaker:** Hon. Members are correct. It is a point of order—

*[Translation]*

—and I would ask the Hon. Member to see to it that his comments are relevant to the Bill.

**Mr. Ricard:** Mr. Speaker, as I was saying, our economic strategy will require the introduction of many changes, and I believe the Minister made this clear earlier, including the Act to amend the Income Tax Act and related statutes, which cannot be delayed any longer. As the House is aware, a number of tax measures require significant changes and fast action. It is therefore necessary to clarify our tax proposals as soon as possible, and that is what this Government intends to do by means of Bill C-7.

Mr. Speaker, the Government intends to make changes in the tax system as it applies to small businesses. These changes will have a positive impact, since they will simplify and shorten the corporate tax return, reduce the cost of tax compliance for small businesses, increase tax savings for expanding small businesses and also reduce by more than two-thirds the legislation on the low small business tax rate.

Mr. Speaker, changes will also be introduced to simplify the rules on personal services business, specified investment business and connected partnerships.

To qualify for the low tax rate, personal services businesses and specified investment businesses will no longer have to meet the criterion that they must have five full-time employees who are at arm's length. This will simplify compliance. For compa-