

Income Tax Act

them. A new clause 20.2 would attribute a subsequent gain or loss on the farm property back to the farmer who transfers to a son or daughter if the child sold the property before he or she reached the age of 18. This is the deemed realization of any transfer by a minor. I do not think that any member of the committee or the House would want to see the sale through a child to a third party. I think that is fair ball.

A further amendment to clause 75 of the bill would preserve the transitional rule where the farm was owned by the taxpayer at the end of 1971. Those are the so-called neutral zone rules. The new clause 20.1 would also permit the farmer to set a price on the sale to his child which would realize some capital gain or capital loss where the fair market value of the property had changed, if he desired to have this effect.

In any event, I think the committee would want to see the ways and means motion. Members will want to look at the effects of the amendments. Perhaps we could stand the necessary clauses so that the committee could look at them. I am willing to accept whatever procedure Your Honour wants to adopt. I am willing to table the notice of ways and means motion which will have to be forwarded to Mr. Speaker. I am willing to table the amendments to the bill, to take effect if the House allows the amendment to the ways and means motion and then goes back into committee on these particular clauses.

Mr. Lambert (Edmonton West): Mr. Chairman, I rise on a point of order. I think that would be appropriate, because an amendment to the ways and means motion requires 48 hours' notice. As I understand the future business of the House, we will receive this bill again on Thursday. This would allow the appropriate time to elapse before we take the necessary steps. Certainly we will want to study all the implications. As we have not seen this, Mr. Chairman, it is hard to say whether it meets exactly what opposition members want. I look to the 1971 debate on this point. I refer to the deathbed confessions or repentance on the part of the government with regard to this particular point.

Mr. Turner (Ottawa-Carleton): Just as the amendment would propose switching from death into *inter vivos* or during the lifetime, I want to assure the hon. member that the government is very much alive. He ought to take the analogy very seriously indeed. I hope the members of the committee, in their capacity as members of the House, will waive the 48-hour rule. In any event, the hon. member informs me that we will not get back to this bill before Thursday. He knows more than some of the rest of us.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, even though what is being proposed is obviously welcome, I would not want to suggest that members be asked to waive the 48-hour rule on something we have not seen. I wonder whether this possibility could not be left open. After we have seen the amended resolution in print, we might let it go at 24 hours.

The Chairman: Order. Do other members of the committee wish to speak on the particular point of order?

[Mr. Turner (Ottawa-Carleton).]

Mr. Turner (Ottawa-Carleton): Perhaps I could table these amendments, with consent.

Mr. Lambert (Edmonton-West): Let the committee rise, and we will call it ten o'clock.

The Chairman: Several points are being suggested to the chair at this time. The hon. member for Saskatoon-Biggar wishes to pursue the point of order.

Mr. Gleave: Mr. Chairman, I want to ask the minister a question. When considering this question, did the minister also consider whether it could apply to the family farm corporation? This may not be possible, but I ask the minister if it was considered, because this point was also raised.

Mr. Turner (Ottawa-Carleton): Mr. Chairman, I would prefer at this stage to exclude the corporation, whether it applies to the family farm, small businesses or whatever. The exclusions from capital gains treatment of the personal residence applies to the taxpayer. The committee ought to realize that we have a very difficult problem in trying to segregate the assets of a corporation to allocate the transfer either of a principal residence or a farm. This was originally set up to make the farm more liquid, in a transmissible sense, by reducing it to a shareholding. The shares can be transferred much more easily over a period of time. The same lack of liquidity is not apparent in a farm corporation as it is in a family farm. I hope the committee, and eventually the House, will allow this amendment as a recognition of the sociological and agricultural problem of preserving the sanctity and integrity of the family farm.

The corporation question not only involves the family farm, but small businesses, personal residences and corporations. It is a far vaster subject and far more open to problems. I could undertake to look into that question, but I hope the committee will not press the government at this stage because I must say we have not thought all these problems through. They give rise to great difficulty.

• (2150)

Mr. Towers: I should like to ask the minister a question before we leave this clause. For some time we on this side of the House have been trying to get answers from the Minister of National Revenue with respect to the evaluation of farm properties which is presently taking place. To refresh the memory of the Minister of Finance I should like to read a question asked in this House on April 4 by the hon. member for Pembina, as reported in *Hansard* at page 2968.

Mr. Speaker, I should like to direct a question to the Minister of National Revenue concerning the land evaluation taking place in Canada for tax purposes. Will he inform the House whether the property owners whose properties have been appraised for tax purposes have been notified and, if so, is there an appeal procedure to handle these evaluations?

To that question the Minister of National Revenue replied:

Mr. Speaker, the valuations which are taking place are for the purpose of future reference. They do not necessarily have any status in law at this point. Valuations from any source can be considered. This information is being gathered to assist parties in the future determination of values.