

Point of Order—Mr. Stevens

motion in at least two respects: the date of effectiveness and the range of application.

First, let me deal specifically with that date. While the motion states the measure applies to the 1978 taxation year, the act—and I have referred to this section, subsection 122.1(2)—states that the measure may apply to the 1977 taxation year. Clause 30(3) of Bill C-56 also states that subsection 122.1(2) applies to the 1977 taxation year. The motion became effective, as we know, on April 10, 1978. If it applies to the 1978 taxation year, its effect would appear in the federal accounts for the 1979 fiscal year, in short, the year we are now in. If, on the other hand, the measure applies to the 1977 taxation year, its effect should appear in the federal accounts for the 1978 fiscal year which just ended last March 31, or at least you would think that provision should have been made for some type of accrual in these 1978 fiscal figures. If the latter is the case, the budgetary accounts for the fiscal year 1978 would need to be retroactively adjusted to reflect the reduction in revenues and the increase in the budgetary deficit.

We are dealing with a very large amount of revenue as far as the federal government is concerned. Our finance minister has indicated that the personal income tax reduction in Quebec, which is really what is being affected by the clause I have referred to, namely, subsection 122.1(2), is \$186 million. This reduction represents 1.4 per cent of the total federal personal income tax collections for the fiscal year 1978. The amount and timing of the tax reduction in Quebec is both of financial and economic significance. The change of the date from taxation year 1978 to taxation year 1977 represents a perceptible shift in federal budgetary policies.

● (1542)

Second, if I may deal with the general subject of the range we now find in Bill C-56 compared to what was stated in the income tax motion, I suggest that if the clauses as they now appear were accepted, it would mean that the Income Tax Act, through paragraph 13 of the motion would permit three quite different types of tax reductions. In short, out of the rather narrowly confined income tax motion, if we accept the motion that is now presented in Bill C-56 there are three types of tax reductions that would be included. We suggest that was never the intention of the income tax motion.

First, there would be a temporary transfer of tax revenues to eight provinces, which are the prescribed provinces, to provide for the general retail sales tax reduction which the minister referred to in his April 10 budget. Second, there would be a temporary transfer of tax revenues to Quebec to provide for partial financing of a total retail sales tax cut on specific goods and services. Incidentally, that was not announced in the budget. Third, direct payment of federal revenues to taxpayers in Quebec would be facilitated. Again that was not announced in the budget.

The fiscal effect of each of these measures is quite different. One is a general fiscal stimulus to increase consumption. Another is sectoral stimulus to aid particular industries. The third is localized general fiscal stimulus to raise purchasing

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power. Neither the sectoral stimulus nor the localized general stimulus was mentioned in the budget speech. They are quite different from the economic policies debated in the House and subsequently approved in the budget motion.

Further, section 122.1(1) of the Income Tax Act provides tax abatements to the eight prescribed provinces to finance their reduction of retail sales taxes. The abatement is worth up to \$100 per taxpayer. Section 122.1(2) provides for that different payment to which I have referred, namely \$85 per taxpayer or resident of Quebec. Not only a resident of Quebec but only a resident of Quebec on December 31, 1977 would be eligible for the tax rebate of \$85.

As the motion provides for a tax reduction of \$100 per taxpayer, section 122.1(2) provides for somewhat less than the amount designated by the motion. The remaining \$15 per taxpayer is presumably intended to finance the federal contribution to the sectoral tax reductions in Quebec. However, this amount is not identified in the Income Tax Act amendments, and thus it is not clear under what authority this federal revenue will be transferred.

I would also draw Your Honour's attention to clause 30 of Bill C-56, page 35 of the bill. Subclause (4) reads:

For the purposes of subsection 164(3), the portion of any overpayment that arose as a consequence of a deduction made by an individual pursuant to subsection (2) shall be deemed to have arisen on the day the portion is refunded or applied on other liability.

What this is contemplating is an actual pay-out from the consolidated revenue fund which will be authorized by the amendments we are now considering. Nothing like that was contemplated in the income tax motion to which I have referred. I would say on all counts the bill in its present form must be challenged as not being in conformity with the income tax motion as tabled on April 10.

That is my case, Mr. Speaker. I hope you will give it favourable consideration.

[Translation]

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, on several occasions I have had the privilege to rise on questions of procedure, that is on a point of order concerning legislation stemming from resolutions introduced by the Minister of Finance during presentation of the budget. I refer to 1971 when I had serious doubts about the contents and the congruity of the so-called legislation to amend the Income Tax Act. I believe that at the time I had pointed out 39 incompatibilities, if my memory serves me right, some minor some major, between the resolution and the legislation.

On one occasion Mr. Speaker Lamoureux ruled in my favour and the government had to table a new resolution, that is a new motion complying with the bill it had introduced. One might say that all we were doing then was to set things right. Well yes. But when there are procedural problems we should not go by trial and error and adopt a band-aid approach. Or else, on a point of order, we say: Let us forget it. That is not the way things are done, Mr. Speaker.