

That seems to be quite clear. It refers to money borrowed from a money lender or someone whose ordinary business includes the lending of money. This does not have to be a money lender, but could be a doctor who makes loans, or something like that. If you borrow money from a person whose ordinary business includes the lending of money, and that includes a bank, you do not have to file the T-5 form.

However, I ran across a taxpayer the other day who had not filed this particular form within the required time because that was not necessary. For the benefit of some people with whom he was doing business he decided gratuitously to file the form. The department officials came along and said that was fine, and they thanked him for filing it, but told him he would have to pay a \$20 late fine.

Some hon. Members: Oh, oh!

Mr. Clarke: Some members laugh, but the department was right in this case. It was the form that was wrong. Regulation 201 covers the filing of these forms and states who must file them on dividends, interests and so on. It seems that in 1971 when the tax form went through, intentionally perhaps, the relieving provision which allows the person not to file the form for interest on loans from banks and other lending establishments disappeared. It would appear to me now that the government is checking this up and perhaps we will have a proper answer, hopefully from the Minister of National Revenue (Mr. Cullen) on this point. It appears that anyone who has borrowed money from a bank and does not issue the bank with a T-5 slip may be in breach of the tax law.

● (1550)

Speaking to the Canadian Tax Foundation, the former minister of national revenue, now the Minister of Justice (Mr. Basford), said that he was concerned about the tax law. He said that he considers tax reform as a continuing process and asked business to help keep the system in balance by continuing to press for changes in the law. Well, members of the House on my side, and certainly the taxpayers of Canada, want to see progress in this regard. The minister also apparently was in favour of a "softer" government attitude to ministerial discretion, technical amendments, and all demands for files and records.

We all know that the Department of National Revenue carries the big stick. If you do not obey the law and pay your tax, the department can do terrible things to you, that is, if you are still in Canada. Later we shall deal with what happens if you have left Canada. Apparently the minister was concerned about ministerial discretion and those powers in the area of tax law that allow the Department of National Revenue to decide whether a transaction is aimed at avoiding taxes.

As lawyers in this House know, a man should be entitled to so order his affairs as to minimize the incidence of taxation. It was the view of the department that it knew better, that it ought to decide this question, not the taxpayer, as if it were a crime to claim your rights under the law and reduce your taxes. I am sure that lawyers in this House, and taxpayers outside, will be delighted to note that the courts recently decided that a man still has the

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right so to order his affairs as to minimize the incidence of taxation.

I hold in my hand another press clipping which illustrates the sort of thing that can happen when our so-called tax reform law fails. It is the hope of members on my side that, in addition to avoiding double taxation, the treaties we shall enter into with other countries will allow us to close certain tax loopholes. Just over one month ago the *Financial Times* reported that:

The government has shelved plans to close a 'tax loophole which costs the country hundreds of millions of dollars' . . .

Why did the government decide to shelve those plans? Apparently Ottawa could not afford the extra investigators needed. This country employs 300,000 or 400,000 civil servants, depending on who counts them, and how the counting is done. It strikes me as odd that anyone should say we cannot afford a few expert investigators whose work may lead to the recovery of up to \$2.7 billion. I think we heard that figure. At any rate the money lost to this country is enormous, and the work of the investigators would enable us to enforce collections against taxpayers who have left. The former minister of national revenue admitted that the loophole was costing hundreds of millions of dollars in lost revenue. He promised a series of proposals to "significantly strengthen Canada's compliance effort". I hope that this bill, and the treaties we expect will follow, will go some way to correct the difficulty.

Department of National Revenue spokesmen said that government austerity measures have put the investigation project "far down the road". I remind the House that an article written in November of last year dealing with tax dodgers and evasion outlined how the government was to attack this difficulty. According to the article appearing in the *Globe and Mail* of November 19, 1975:

A special task force on taxation has been set up by Canadian and U.S. authorities aimed at catching tax dodgers in both countries.

The force has been told to submit recommendations by the end of this year that may lead to a new Canadian-U.S. tax treaty, . . .

Canada's aim is to recoup an estimated \$1.6 billion a year that is being lost through tax avoidance or fraud.

I think the minister denied that the figure was \$1.6 billion. The article mentions the figure, but I will not insist on attributing it to the minister. Without doubt the minister was interviewed. According to the news report he said:

We want to see if we can do this through existing tax treaties . . . If not, we may need a special agreement.

It remains to be seen what we shall do. If existing treaties are responsible for our present position, we may need to examine dozens more of these treaties.

As I wish to make some further comments, may I call it four o'clock?

The Acting Speaker (Mr. McCleave): Order, please. It being four o'clock p.m. the House will now proceed to the consideration of private members' business as listed on today's order paper. I understand we are to consider first notices of motions. The Chair understands that Notice of Motion No. 42 is to be proceeded with. Therefore Notice of Motion No. 2 in the name of the hon. member for Hamilton West (Mr. Alexander), No. 15 in the name of the hon. member for Hamilton-Wentworth (Mr. O'Sullivan), No. 19 in the name of the hon. member for Laprairie (Mr.