

Income Tax Act

respect of home and apartment construction in this country. Just as the Canada pension plan syphoned off a lot of money which would have been assigned to the residential mortgage field, so this proposal of the minister's will further restrict the flow of capital available for home construction. On one hand we are trying to tempt money into the housing field and on the other we are preventing it from reaching that area. I just cannot understand what is the name of the game to use today's language, in which money is taken away from institutions which primarily lend money for residential construction. I cannot see it.

Let us consider the act generally. Frankly, it contains a lot of tidying up features. One of the early clauses relates to the treatment of unpaid remuneration to third parties—how this is to be handled on the books of an employer. Another deals with the procedure for the recapture of capital cost allowances on the disposal of a vessel. Well, there is a great deal of social importance attached to that proposal. Third, there is a provision dealing with the deduction of taxable income in respect of children receiving family allowances and youth allowances—precision as to age. This is a tidying up measure. We are also advised, though this did not appear in the budget speech, that expenses in connection with artificial kidney machines, the use of oxygen tents and other equipment to administer oxygen will be considered as allowable expenses within the medical expenses bracket. Fifth, there is something to do with the rate of computation of the reserve deductible in computing the income of a taxpayer whose business includes the lending of money on the security of a mortgage, etc. of real property.

● (8:30 p.m.)

Then there is another item, Mr. Speaker. I think it was indicated in the budget speech that there will be a denial to the ordinary taxpayer of any medical expenses which he would include in that category of permitted medical expenses if these have been paid by any public medicare plan. Those people who come into the provincial schemes as the province enters into a scheme, say anything that is paid after July 1 in the case of a province such as Alberta, where it is coming into force after that date, will be naturally non-acceptable under the medical expense item on the income tax sheet.

I mentioned earlier, Mr. Speaker, that the taxation of life insurance companies was one

[Mr. Lambert (Edmonton West).]

of the principal facets of the tax proposals of the minister.

The second point has to do with what I call the hurry-up or speed-up of the payment of income tax by corporations, regardless of their size. Any concern with "Ltd." behind its name must now pay income tax as it goes along. From here on such concerns must estimate their annual income tax and pay this in one-twelfth instalments. If they are late in so doing, they must pay an interest penalty. I know this may be all right with professional businessmen such as doctors, lawyers, architects, accountants and so forth, but they are in an entirely different category. True enough, they do have accounts receivable and there is a time lag. For instance, lawyers have a great inventory of accounts that have not been paid and which have been accumulated with regard to files, but that is the price of doing business. Naturally, all they do is increase their fees in order to compensate for this additional expense.

The minister's colleague, now the Secretary of State for External Affairs (Mr. Sharp), three or four years ago was the first to introduce the speed-up whereby the time period during which a corporation could pay its income tax was cut back to a matter of a few months to the point where it is now month by month. I can think of some things that tend to create inflation, drive up prices and the cost of doing business, and here is a classic one. The minister on this occasion has stated this will bring in increased revenue of \$275 million. The minister needs this \$275 million because last year he faced the biggest peacetime deficit in our history. This is so according to the tables of The National Finances of the Canadian Tax Foundation. The previous Minister of Finance managed to raise approximately \$240 million.

What does this mean to the ordinary small businessmen whose profits are tied up either in inventory or accounts receivable? What does the imposition of the speed-up mean? There is a greater strain on the working capital of all concerns from the small contractor who is incorporated right up to the very large giants. They must go to the bank to borrow money to pay their prepaid taxes to the government. Naturally, this is going to cost them money. They are going to cover themselves by increasing their prices. Who pays? Again it is John Q. Citizen. It is another drive-up for inflation, another spur to inflation. Yet, we are told this coming budget is to be anti-inflationary. I will be very interested in seeing how the minister is going to deal with it