

Income Tax Act

tion of unpaid income taxes would increase the deficit and the Federal debt and in fact curtail the ability of the Government to contribute to economic renewal and growth. If this solution were applied, the Federal Treasury would be less capable of providing assistance to Canadians who really need it. This would be the direct and harmful impact such a proposal would have on the financial freedom of movement needed by our new Government to meet its objectives. In addition, this proposal would have major indirect effects of which the most important would be to alter our existing taxation system. This system at the present time is based on self-assessment by Canadian taxpayers. We trust Canadians to fairly report their own income and to submit the proper amount of tax. This system is based to a large extent on mutual trust and respect.

Indeed, the Minister of National Revenue (Mr. Beatty) described this mechanism quite well in the unequivocal speech he gave before this Chambre last November 16 during the throne speech debate when he said the following:

For the self-assessment system to survive, all taxpayers must believe that they are being treated fairly and equally. At the same time, the Government must believe that all taxpayers will fairly report their income and submit the proper amount of tax on time.

If we were to agree to the proposal as it is worded in this motion, what would be the reaction of the majority of taxpayers who pay the proper amount of tax? Would they not be irritated by the increased burden placed on them because of the amnesty granted to others owing such a considerable amount of taxes? Would they not conclude that this type of amnesty favors those who have filed false tax returns in the past, whether accidentally or voluntarily? Would they not be tempted themselves in the future to file false statements in the hope that a convenient amnesty would eventually be granted in their own case?

I believe that the conclusion is clear. Such a procedure would greatly weaken our tax system. It would reward dishonesty while we are trying to encourage Canadian citizens to act honestly in their relations with the state. Instead of correcting the problem of unpaid taxes, this proposal would make it worse and it would degenerate uncontrollably. There is a definitely better solution, and this is the one followed by the Minister of National Revenue, who is implementing the conclusions and recommendations of the Progressive Conservative Task Force on Revenue Canada.

Let us consider the \$3.5 million in back taxes which are not being questioned by taxpayers. This amount does not only represent the mistakes and omissions made in the past by taxpayers when filing their income tax returns. These are cases which the motion now before us attempts to deal with. This amount also includes taxes owed by taxpayers who have reported their full income but who are unable to pay their tax in full because they find themselves in a temporary financial bind.

● (1720)

The Minister of National Revenue has indicated that there was a distinction to be drawn between taxpayers who try to evade tax and those who because of financial difficulties cannot pay, at least momentarily.

The Minister of National Revenue is committed to a humane, compassionate and tactful treatment by Revenue Canada of people in need. Past experience unfortunately has shown that a stringent attitude by Revenue Canada could generate distrust, noncompliance, frustration and even bitterness. It is possible and it is important to be both firm and fair. Revenue Canada has finally taken a number of definite steps to increase the efficiency of the tax collecting process. The Department will hire additional staff, and this will enable collectors to spend more time with deserving taxpayers who momentarily find it difficult to pay their taxes. Mutually acceptable arrangements will provide for the staggering of payments. The Department's set target is to collect \$400 million over and above the unpaid moneys that normally would be collected by Revenue Canada under the former procedure.

The Minister has also pondered over the problems of Canadians who fail to report income earned from so-called underground practices and activities. In his explicit address to the Canadian Association of Tax Studies, he urged taxpayers who had failed to report all their income to come forward and pay their taxes, without fear of legal action, under the new departmental regulations dealing with voluntary returns. This is but one of a number of reforms designed to give Revenue Canada a more humane, more efficient and less stringent profile.

In the area of collection, in-service training programs for tax collectors will be implemented so that the collecting of unpaid taxes will become a better and more accurate process. Where taxes are due, Revenue Canada will send out a series of notices of collection that will set out more clearly the Department's relevant policy and the rights of the taxpayers. Then, before finally taking legal action, the tax collectors will be required to try to the best of their ability to contact, by telephone or otherwise, the defaulting taxpayers and give him every possible chance to pay his debt, without having to resort to the cumbersome intricacies of legal proceedings.

Hon. Members of this dignified House will know surely that the amendments to the Income Tax Act now before the House include a number of measures advocating a legislation reform.

One of the basic causes of taxpayer resentment in the past has been the feeling that, whenever assessments are opposed, the taxpayer is considered guilty until proven otherwise. Such a position, contrary to our basic judicial system, was held because in the past taxpayers were required to pay the full amount of the objectionable assessments even before the dispute had been resolved or even examined.