

*Income Tax Act*

interested to see where the hon. member for Fraser Valley stands on that issue. I do not think the hon. member for Fraser Valley has any question of privilege to raise or anything else to talk about. If he has a question of privilege he should raise it at the appropriate time. He may not be as impatient as I am but then, of course, I am not as consistently friendly to the government as he is.

**Mr. Patterson:** The record will show.

**Mr. Howard:** If the hon. member wants to talk about the record I shall be tempted to deviate from the purpose of my remarks. As for my intentions, I have stated them on many occasions, but knowing he is a Social Creditor I realize that no matter how many times I explain them to him he will probably still distort them to suit his own convenience. In any event I do not wish to be diverted from the item now before us. The Minister of Finance has clearly proven that he has a large element of deception in his make-up and he exhibited it when drafting the legislation now before us.

**Mr. Patterson:** Mr. Chairman, it is not my intention to stoop to the level of debate exemplified by the hon. member for Skeena. I simply want to state that I was not suggesting that the hon. member for Comox-Alberni had deliberately set a trap. I believe it was done inadvertently. I pointed out that if we moved in the direction he proposed the government would be able to use the amendment as an argument for imposing this tax on a permanent basis. It could be said that the committee had insisted on this being done. That is all I was implying in my statement. Regardless of the position the hon. member for Skeena wishes to take, this is a statement of fact. I do not believe I have given him too many occasions on which to question my honesty or my veracity.

**Mr. Barnett:** I rise on a question of privilege, Mr. Chairman. I wish to assure the hon. member for Fraser Valley that it was not by inadvertence that I set a trap, and I think the Minister of Finance has fallen into it very nicely.

**Mr. Sharp:** First of all I should like to say that I do not feel myself particularly entrapped. The undertakings I have given to the house I have carried out exactly as I said I would, and I have never misrepresented or deceived the house as the hon. member for Skeena suggests. I hope the hon. member, when he looks at *Hansard*, will have second

[Mr. Howard.]

thoughts about accusing the Minister of Finance of deliberate deception. I do not take objection, however, on parliamentary grounds. I do not consider the matter serious enough for that, though I do think the language is most unfortunate.

May I first of all set the record straight so that the committee may at least be aware that I have never at any time attempted to deceive it or to deceive hon. members. When I made my statement on November 30 I said:

My first proposal relates to the personal income tax. I am asking the house to approve a special surtax of 5 per cent of the amount of the basic tax assessed on an individual in excess of \$100. This surtax will take effect January 1 and would remain in effect until we have completed the transition to a slower rate of growth of expenditures or until economic and financial conditions call for a change in our fiscal policy.

That was the statement I made. I indicated the temporary nature of the tax then. I think there is nothing misleading either in the way the bill has been drafted or in the heading over the clause. I did not say it would be for only one year, as has been alleged, nor did I say it would be permanent. I think the way in which the clause is drafted, setting out that the surtax relates to 1968 and subsequent years, carries out the effect of what the government proposes.

● (3:50 p.m.)

May I go on to speak about two or three other things said by the hon. member for Skeena. He referred to the fact that there had been a special refundable tax on corporations, and he seemed to feel that somehow we were discriminating in favour of corporations and against individuals in this particular case. I would point out to him two things that have been pointed out on a number of occasions. The first is that the rates of corporation tax in this country, including provincial and federal, are amongst the highest in the world. There are very few countries in the world, indeed I cannot think of any, where the corporate rate of tax is higher than it is in Canada. Moreover, in this bill which we are now approving the government requires corporations to pay another \$290 million during the 1968-69 fiscal year and a further \$50 million the following year, or the equivalent of a special levy of \$340 million which they can never recover. This is an additional levy that a corporation can never get back as long as it remains in business. This bill is adding \$340 million to the taxes paid by corporations, which is a very substantial amount of money.