

*Oral Questions***NATIONAL REVENUE****INCOME TAX DEDUCTIONS**

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is directed to the Minister of Finance. He knows that today is the last day for Canadians to send in their income tax return. He also knows that probably the most offensive aspect of his Budget is the hypocritical claim that Canadians are being asked to pay fairly, that the burden is being distributed fairly.

Will the Minister admit that since the Conservatives were elected in 1984, the richest 1 per cent of Canadians, those who drive around in their BMWs, will have an income tax reduction of \$905, including this Budget? That is a \$905 tax cut while the average family has had an increase of over \$500 in income tax since the Conservatives were elected.

• (1430)

My question is directed to the Minister of Finance. Is it fair that with this Budget the rich will pay much less and the average family pays much more once again?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Hon. Member is using very selective information. If he looks at this Budget, he will see that a single person under 65 will pay \$2,175 as a result of personal income tax changes. That applies to an individual earning \$200,000. If that person is earning \$30,000, the increase is \$80. That is a significant difference. To put it in terms of percentage of income, it is .3 per cent for the lower income levels and 1.1 per cent for the upper income levels.

I ask the Hon. Member to remember what we have done in removing a number of tax loopholes, some of which I referred to in my previous answer. We have taken many measures, and I have yet to hear any acknowledgement from the NDP that we have done these things. I have also yet to hear any suggestion from them for new measures.

CAPITAL GAINS TAX

Hon. Edward Broadbent (Oshawa): The Minister of Finance's nose should grow a foot in length after that statement. He has received all kinds of suggestions from this side of the House. He did not admit that the richest 1 per cent of Canadians are paying over \$900 less tax since this Government was elected in 1984. I say to the Minister of Finance, that is a disgrace.

My question is directed to the Minister of Finance. He was meeting his constituents on the weekend. I see in a newspaper report that one of them had the audacity to ask him why the Government was continuing with a complete exemption of capital gains tax up to \$100,000. In the United States, Americans pay taxes on capital gains. In the Minister's riding, as elsewhere, if you make \$100,000 in capital gains, you do not have to pay one cent. The Minister said: "We don't think it is appropriate to close that gap. It is a principle we want to establish into the future". Is the principle that the rich will continue to get a free ride?

Hon. Michael Wilson (Minister of Finance): I want to tell the Hon. Member what the principle is. The principle is that we want to encourage growth and investment in this country. We have narrowed the gap significantly between normal income tax rates and investment tax rates designed to encourage investment and job creation.

I ask the Leader of the New Democratic Party, is he against that particular provision going to farmers and small business people? It is directed to those people. That is how jobs are created in this country.

Some Hon. Members: Hear, hear!

Mr. Broadbent: I say to the Minister, don't give us that stuff. The rich are paying less than when you were elected in 1984.

[*Translation*]

But the Minister mentioned taxes on small businesses. The Minister knows very well that in the United States, there is a minimum tax on profitable corporations. Instead of imposing a minimum tax on profitable corporations here, the Minister of Finance increased taxes on small businesses.

Why this unfairness? Small businesses will pay more with this Budget, but many profitable corporations will not have to pay a cent. Is that the Conservative justice?

[*English*]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, let me summarize some tax changes in this Budget. There is a new tax for high corporations that will increase the total amount of corporate tax revenues by over 7 per cent. We have increased the personal income tax surtax, including a high income surtax. Those taxes have been increased by 2.3 per cent, a good deal lower than the increase on corporations. We have also increased substantially, in fact doubled the refundable sales tax credit to help those people in lower income brackets.