

Income Tax Act

shall be glad to let others carry on. Is the Co-operative Trust Company of Canada, which has its head office in Saskatoon, not correct when it says that under current rules it is the recipient of the RRSP funds who is taxed when the planholder dies, whereas under the new rules RRSP funds will be included as part of the planholder's final tax? Is it not that which makes the difference? Let us not mix this up with RRIF's. Let us stick to RRSPs. Is that not the change which is being made by the clause on the middle of page 42, and could that not be corrected?

Mr. Chrétien: Mr. Chairman, I think that the interpretation of the hon. member, generally speaking, is correct. This is a very complex issue which has been raised by credit unions, and we want to get in touch with them to try to clarify the nature of the problem. We were made aware of this only in the last few days. The credit unions are aware of the difficulties there are with interpretation and with a modification of this situation. I want the hon. member to understand that I am willing and eager to undertake that this problem will be reviewed. By the time we have another piece of budget legislation, probably within a year, I think we will change this situation, but we need to have consultations, discussions, and analysis before we can come to a fair solution to the problem raised by the hon. member and others.

Mr. Railton: Mr. Chairman, I have nothing very new to add to the remarks of the hon. member for Winnipeg North Centre, but I would like to know if the change he wants, and the change which is being considered, is just for a person who has an RRSP fund and dies, but who has not converted it into an annuity because of early death. Is that the lump sum which would be taxed at death? It is my understanding that in most cases spouses share the same plans, and when one dies, the other takes on with the annuity. I do not understand how registered retirement savings plans could be made out properly in any other way. I would like to have that cleared up.

The other thing is that in a general discussion of such things as retirement savings plans, capital gains, and even in insurance investment question, which was causing so much consternation two or three months ago, it seems to me that the reason all these plans are taken out is to provide for individuals at retirement and also to provide for their immediate families who may suffer or who may not have had the good fortune of having retirement savings plans, insurance, or a chance to have capital gains. I think all those things should be looked at by the Minister of Finance because when it comes to a man's death, his immediate family should be provided for. That is really what any normal parent is concerned about, so this should also be looked at in the same way.

Mr. Chrétien: Mr. Chairman, I will just take note of the remarks made by the hon. member. They will be very useful to us in the consideration of the problem.

Mr. Epp: Mr. Chairman, I would like to question the minister on clause 34 as well. I agree with the representations made by the hon. member for Winnipeg North Centre, except

[Mr. Knowles (Winnipeg North Centre).]

possibly for one point. I detected that the hon. member felt that it would be quite in order literally to tax away a person's inheritance. I think that inheritances should not simply be taxed away. Inheritances are accumulated assets for families.

However, before we get involved in this discussion, I point out that while other hon. members do not find tax laws complicated, I find them extremely complicated. The minister now says he wants to consult. There have now been representations from caisses populaires, credit unions, and insurance underwriters. They want to know now. This is the minister's legislation. It is not our legislation. The minister spends a lot of time telling us that we have spent a lot of time on this bill. Whether that argument is right or wrong, really is not the point. By the very fact that the minister comes into this House with legislation, he should know the answers. That is his job. He now tells us to pass this legislation, which could have far-reaching implications for people who have RRSPs and, frankly, that is not good enough because I cannot go back to caisses populaires, credit unions, and to other people who hold RRSPs and tell them that they will be taxed at a higher rate than they were before, that the minister has changed the rules of the game but that it is all right because the minister will make some changes after consultation. That is just not good enough.

If we go back to the March 31, 1977, budget, the minister will recall that his predecessor decided that the tax man would literally remove from widows the small annuities and the small RRSPs they were going to get. This minister is not reaching with a long arm into people's graves and taking this money out, but he is still going to get part of his death tax back. I ask the minister whether we are not going from fair taxation to confiscation of property and assets. I really believe we are moving more and more in that direction.

People purchase RRSPs to get tax breaks. That is tax avoidance. There is nothing wrong with that. That is good financial management of one's personal affairs. People also purchase RRSPs to make sure that their immediate families have a certain income. I suppose we could all say we should not save or prepare for the future. We could decide not to worry about our families, and let the government take over. That is not the way I want to live, and I do not believe that is the way the majority of Canadians want to live. If people want to save for the future, I believe they should be commended, and not penalized, but that is what is happening here.

RRSPs have been created. People pay into them. In other words, they defer their incomes, and now the minister is saying that he will tax them away at a higher rate than before April 10. I may be wrong, and that is why I am asking the minister about this. I intend to read this clause again. I want to ask if this interpretation is correct.

● (1652)

I will read again from the document of the Co-operative Trust Company of Canada which was used by the minister and the hon. member for Winnipeg North Centre. It reads: