

Income Tax Act and Related Acts

What is unfortunate is that the spread between the second and the third bracket is too narrow—there is only a three point spread—while it is too wide between the first and the second brackets, which means that middle-income taxpayers, who make up the majority of those who pay taxes in Canada, will tend to pay more tax and to move closer to the tax rates of high income earners than they should. This unprogressive tax rate scale means that tax reform lays an unfair burden on Canadian families. This so-called reform will mean that we will have to grapple with an income tax system that will be even more complex than what we had before, and that was complex enough.

Certain promises were made by the Minister of Finance, Mr. Speaker, and I would like to remind you of certain things, one of them being that in October 1986 the Minister of Finance stated in his document *Guidelines for Tax Reform in Canada* that one of the basic principles was the following, and I quote:

... making the tax system simpler so that it is more readily understood by more Canadians.

Well, what has happened is quite the opposite. Canadians who found filling out their tax returns difficult before will now find themselves in an even more complex labyrinth. Let me quote the conclusions of the House Standing Committee on Finance and Economic Affairs, which had this to say on the complexity of the new tax system. And I quote: It is disappointing for the Committee to draw the inevitable conclusion that the proposed tax reform has not successfully addressed the problem of simplifying the tax system. On the contrary, it has become a tax system that only tax specialists and tax lawyers will be able to understand completely. Furthermore, even after the introduction of a minimum tax, some 5,200 taxpayers with income of more than \$50,000 did not pay one cent of income tax in 1986, and probably none in 1987 either—those statistics are not available yet—and what is even more unfortunate is that they will probably not pay any in 1988 nor in subsequent years since tax reform does not touch those people; only the minimum tax introduced earlier applies, and it still lets some people slip through the tax collector's net.

The Minister of Finance (Mr. Wilson) claims that his tax reform will strike some 850,000 names from the taxpayers' list; 850,000 people will no longer pay tax. That is true! What the Minister forgets to say is that he himself had added approximately one million low-income Canadians to the tax roster and forced these people who did not pay income tax previously to join taxpayers' ranks with his successive income tax hikes in 1984, 1985, 1986, and 1987. So the fact that he is allowing 850,000 people to get off the hook shortly before the election is not a bad thing, but I hope these people realize that they are being handed a wooden nickel. The fact is that they were taxed before, and taxed abusively.

What is too easily forgotten, and it will be my pleasure to refresh everyone's memory, Mr. Speaker, is that this Minister of Finance and this Government levied more tax over a period of three and a half to four years than any government since Confederation. Allow me to remind you, Mr. Speaker, that

when you yourself were elected to this House, in September 1984, we had a 9 per cent federal sales tax. It increased by 1 per cent in October 1984, bringing \$1 billion a year into the Finance Minister's coffers. For my friends across the aisle, a billion dollars is a thousand million. That's big bucks!

In January 1986, the sales tax jumped again, from 10 to 11 per cent, bringing another \$1 billion a year into the Government's coffers. Did it end there? Of course not! In April 1986, a mere three months after the increase I just described, the sales tax went up from 11 to 12 per cent, bringing in another billion. I think that the Hon. Member for Duvernay (Mr. Della Noce), who is showing me a graph representing the exponential rise of the sales tax in Canada, thus supports what I have said.

Never has a Government increased taxes as the Conservative Government has. In July 1985, taxes increased on candy, soft drinks, drugs, dental instruments, toothpaste, and so on, raising government revenues by \$400 million a year.

I will skip the small increases of \$60 million or \$40 million. I am coming to the most important, the increases in gasoline excise tax. In September 1985, it went up two cents a litre, bringing the Government \$900 million. In January 1987, another cent a litre increase, for my friend from Duvernay who knows gasoline well; this brought the Government \$450 million. On February 19, 1987, as if people were not paying enough for their gasoline, there was another cent a litre tax, bringing \$450 million more into the Finance Minister's pockets. And in April 1988, not so long ago... even as we speak, another...

Mr. Malépart: Another one!

Mr. Guilbault (Saint-Jacques): Yes, my colleague from Montreal—Sainte-Marie (Mr. Malépart) can't believe his ears. I am refreshing his memory. Another cent a litre on gasoline brought in another \$450 million for the Minister of Finance. I don't understand where he finds pockets that are big enough to hold all that money!

And that's not all. Excise taxes on alcohol and tobacco went up to punish people with bad habits. In May 1985, an increase of these taxes raised government revenues by \$340 million. In February 1986, they went after another \$150 million. In that same month, February 1986, there were two increases, Mr. Speaker, that brought in a total of \$70 million. In January 1988, more recently, another increase of \$175 million hit smokers and drinkers.

But that's not all. There are people who need to make long distance calls to talk to their family at the other end of the country. They were hit with a 10 per cent tax on long distance calls. That does not seem like much, but it amounts to a lot of money. This tax was just imposed in January 1988 and, believe it or not, it brings the Minister of Finance a tidy \$945 million a year. I am starting to understand where the Government found so much money to be able to spend \$164 million to buy the election in Lac-Saint-Jean.