

Income Tax Act

In other words, he is saying to the farmers: if you want to protect yourselves against the very real possibility of injury as a result of this legislation, go out and find any property that is transferred in your area, make a note of it, keep a record, try to find out at what value it was transferred, and have that in your pocket at some future time when the authorities come to you and say "you have made this much as a capital gain". This is the advice that comes from this accountant. Let us follow on. Here is what he said about farm equipment:

I would suggest that you appoint an equipment dealer, well versed in valuing machinery to appraise your equipment and give you a certified list of the equipment and fair market value of each machine on valuation day.

This is list should be kept safely and I would like to make a copy of it for retention in my files.

The dealer could certify the list as follows: "I have examined on this date the equipment listed below, and in my opinion, based on my experience as a dealer in such equipment, the fair market value at this date is as follows:

This will involve considerable work for the dealer and I expect that he will charge an appraisal fee.

This is the kind of advice that people who are experienced and knowledgeable in income tax law are giving to their clients and yet, on the other hand, the government ignores it altogether.

Let us follow on. He said:

livestock . . . a farmer who has a basic herd, or who intends to make application for one, should document market value of the basic herd class of animals on valuation day . . . animals which have a special value and these are included in a basic herd, you should consider obtaining an appraisal by an independent livestock broker or dealer.

Again this is advice to farmers regarding the handling of livestock. Then, he refers to shares in your farming company, and he describes gift and estate taxes. He says the federal government has indicated that it will vacate the estate and gift tax field on December 31, 1971. He goes on to say:

There are many uncertainties in this area and I hesitate to comment at this time.

This is what we are being asked to accept without question and, if we vote in favour of this bill, to defend our position in the country. If we vote against it, then, as the previous speaker said, there is a little sugar coated pill in the exemptions which, of course, the government members will be quick to charge we are denying the people in the country. Surely, it is the responsibility of the government, if they wish to levy a capital gains tax, to see that that capital gains tax is levied in such a way that it does not do injury to those who have to pay the tax, and that it does not cause undue expense to those who have to establish their financial position in respect of the tax. My chief complaint at this point is that those responsible for drawing up the act have not concerned themselves with the fact that it inflicts hardship on those who have to pay the tax. Reliable accountants assure me that we will find ourselves arguing with officials in the income tax department who themselves will not be sure of the limits within which they are operating. Mr. Speaker, if they are not sure of those limits, then how about the ordinary farmer or businessman trying to survive in the tax jungle that this bill will create?

• (5:20 p.m.)

I am satisfied that the bill will create a tax jungle. And, Mr. Speaker, the money collected in capital gains tax off farms will show the worthlessness of putting that provision in the bill. It will force a change in the method of buying, selling and transferring farm machinery. By some means or another the farmer and machinery agent will have to avoid fictitious capital gains, or unreal capital gains, that is to say, those which do not really put any money in your pocket. This capital gains tax provision will also make it more difficult for land to be transferred from generation to generation. The amendment seeks to deal with that problem, and for that reason deserves our consideration. It is a practical, workable approach to the way in which we make a living from the land.

I can find very little to recommend the government's action in this case, and even less to recommend in the haste with which the bill is being forced through the House or in the manner in which the government is clobbering those who seek to bring some reason into the bill.

Mr. Jack Murta (Lisgar): Mr. Speaker, I rise to support the amendment proposed by my colleague from Edmonton West. I believe it is a good and necessary amendment. Even though we are operating under the shadow of closure, I hope the government may be persuaded to let the amendment pass and allow the agricultural sections of the legislation to be referred back to committee for study in some depth.

I would like to talk mainly on the two sections that are under debate today, section 29 and section 39, which deal with the basic herd and with the capital gains tax as applied to farmers. But before doing so, I would like to voice my criticism of the way in which this tax legislation has been handled in the past few days. Since the government announced its intention to use closure, it is not down the throats of the opposition or of Parliament that it is ramming its new tax program. It is down the throats of the Canadian taxpayers, of the Canadian nation as a whole. It is down the throats of the great majority of taxpayers who cannot even begin to understand the implications of the new taxes, and many of whom are violently opposed to having these provisions enforced before their meaning is made clear.

It is a preposterous proceeding that is taking place in the House of Commons at the present time. What is the purpose of closure, either in the old or in the new form? It is to put an end to obstructive and repetitious debate which continues after the issues have been clarified for the country. The problem in this case is not obstruction. Instead, the House has been struggling with a bill of some 700 pages, involving hundreds of propositions, the intent of which is not merely to change taxes but to alter the whole tax system. The Minister of Finance (Mr. Benson) has complicated the debate by tossing in well over 100 amendments. How can the ordinary tax-paying citizen be expected to understand all of this when tax experts are complaining bitterly that many of the sections are incomprehensible to them?

One of the better suggestions made during this debate was that put forward by the Leader of the Opposition (Mr.