

*Income Tax Act*

bill. One of the things I deeply resent, coming as I do from the province of Alberta, is the disregard by this government of the people of that province, because this point is of fundamental importance to the residents of Alberta, and for this bill to be passed not knowing whether or not the amendment is acceptable is abhorrent to people in Alberta. I hope, sir, that you will extend that courtesy to the residents of Alberta and at least rule on this amendment, thus affording us the opportunity of knowing exactly whether or not the amendment is acceptable.

**The Chairman:** I appreciate the invitation of the hon. member and I am ready to give my ruling, but according to the rules I would have to go back to consideration of clause 30, which can only be done by unanimous consent, and there does not seem to be consent. Is there consent to reverting to clause 30?

**Some hon. Members:** Agreed.

**Some hon. Members:** No.

**The Chairman:** There does not seem to be consent.

**Mr. Ellis:** Mr. Chairman, I rise to speak on clause 32, but if there are more arguments, I will yield.

**Mr. Knowles (Winnipeg North Centre):** Mr. Chairman, I rise on a point of order. May I suggest that we give unanimous consent to reverting to clause 30 at five o'clock? What is wrong with that?

**Mr. Alexander:** The Liberals are sure to find something wrong with it.

**Mr. Baker (Grenville-Carleton):** Mr. Chairman, in keeping with the representation that was made a few moments ago by the hon. member for York-Simcoe, and applying it to what has now been said by the hon. member for Winnipeg North Centre, I think we should ensure that the balance of the clauses are dealt with and that there be ample time also, within the limited time created by the fact that we are now under closure, to have the matter dealt with. I hope you will put the question to see whether there is unanimous consent to deal with it in that way. I think it would solve most difficulties and allow the committee to proceed with other matters as well as deal with clause 30, and also give you sufficient time with respect to your ruling, which might be helpful.

**Mr. MacFarlane:** Mr. Chairman, I wonder whether opposition members could give us any indication of the time which we would be spending on debate of clause 30. Will we be stuck on clause 30 and have no opportunity to revert to the other clauses on which some of us wish to speak? We recognize the importance of clause 30, but there are other clauses on which some of us might want to speak, and if we revert to clause 30 at five o'clock is there any kind of agreement that we will complete consideration of that clause in time to allow us to proceed to other clauses?

[Mr. Towers.]

• (1542)

**Mr. Baker (Grenville-Carleton):** Mr. Chairman, I hope the hon. member for Winnipeg North Centre agrees with what I am about to say. The suggestion of the hon. member for York-Simcoe was not an idle one. Consideration of that clause would not extend beyond 30 minutes. Perhaps we can deal with it commencing at five o'clock.

**Mr. Chrétien:** At this time the parliamentary secretary is talking with the opposition. There is a lot of time remaining between now and five o'clock. We can proceed with the consideration of clauses 32, 33, and 34. If an agreement can be reached, we will go along with it. I cannot change the rules of the House. Hon. members on this side would like an opportunity to ask questions on clauses other than clause 30. We have been already two days in committee on clause 30. Actually I do not mind. I am here, in any event. It is easier for me to return to clause 30, because I have dealt with it during the last two months and know it well.

**Mr. Ellis:** Mr. Chairman, on clause 32, can the Minister of Finance indicate how long the \$750,000 rollup provisions were in effect prior to the April 10 budget?

**Mr. Chrétien:** There have been changes from year to year. We started at \$200,000 and moved up to \$400,000. Now we are at \$750,000. I can provide the hon. member with different dates, but I think \$750,000 was introduced in the April, 1977, budget. In any event, I can provide the hon. member with an answer later.

**Mr. Ellis:** My understanding is that the actual implementation date for the \$750,000 rollup was less than a year ago. I have read the details of the debate on Friday afternoon. I notice the rather incriminating comments of the Minister of State for Small Business. Does the Minister of Finance feel that anyone could actually plan a merger when the rules change so quickly? On Friday afternoon there were some rather sarcastic comments about slick operators. I am talking about bona fide companies and firms of chartered accountants which are in excellent standing throughout the country. Are they being accused of slickness because they used rules which were less than a year old when mergers were planned?

**Mr. Chrétien:** Dealing with this question, I should like to explain to the hon. member that the \$750,000 maximum accumulated profit was granted in 1976, and not 1977. That rule is not being changed at all. In clause 32 we are attempting to block a possible loophole where people in holding companies can multiply the \$750,000 by ten, and manage to get \$7.5 million out of a corporation before being taxed at the higher rate. We want to prevent people from taking money out of holding companies at the small business rate, which makes no sense when the amount accumulated is up to \$7.5 million. We are not changing the \$750,000, which was included in the 1976 budget. It is being maintained at that level, but we are attempting to plug a possible loophole right away so that there will be no duplication of that privileged rate through holding companies.