

Income Tax

● (1600)

Mr. Bill Kempling (Burlington): Mr. Speaker, I rise to say a few words about Bill C-139. Ten minutes is hardly enough time to discuss a Bill that has some 133 changes in it.

In the 1980-81 period, there were 350 changes made to the Income Tax Act. Those changes have not all been digested by the business people in Canada until now. We now have another 133 changes to add to those. The result is confusion or, as my colleague said when quoting Lyman MacInnis, "The Income Tax Act is an unmitigated mess".

I do not intend to talk at length about the corporate side since it has the ability to hire tax accountants, tax lawyers and experts to interpret the Act and have them plead their case to National Revenue and solve their problems in that manner. I am more concerned about the average citizen. In the eyes of most Canadians, National Revenue is a Government unto itself. I can tell you, Mr. Speaker, from listening to people who come to my office, that National Revenue is feared more than most police forces. I think it is deplorable to have that condition exist in this country. They have the power to put a small businessman into receivership at whim, and have done so on a number of occasions. They can put one's job in jeopardy by threatening to garnishee wages.

As we know, many payrolls today are computerized. A program does not exist to accommodate the garnisheeing of wages. Consequently, most employees who are faced with this problem find themselves in their employers' offices being told that if they do not settle the matter perhaps there will not be a job for them. The employer does not want to go through the reprogramming of the payroll and other procedures to accommodate the employee. In many cases, the taxpayer has a legitimate reason for not paying the taxes but has no real avenue of appeal.

National Revenue has the power to harass Canadians. It can harass a person into submission, and I suggest that this happens every day. A number of people have come to my office to tell me of harassment of one type or another by National Revenue. They will send a notice which says that if they do not hear from an individual in 30 days, they will take certain action. In many cases it involves obtaining records and information to satisfy National Revenue, which takes longer than 30 days. However, National Revenue says that if they do not hear a response within 30 days they will garnishee wages or seize assets and sell them. This is the type of harassment that occurs. The horror stories that are told to Members of Parliament about the harassment from National Revenue would fill many volumes.

I raised the question in the House of the centralization of the income tax records in several centres remote from large population areas with the Minister of National Revenue (Mr. Bussi eres). As a result of this centralization, many people have difficulty having records returned to their local taxation centre to be adjudicated locally.

A major difficulty is that one cannot simply read the Income Tax Act and understand it. It is incomprehensible. For

instance, if National Revenue refers to a certain section of the Act, the average Canadian, who will go to the library to read that section, is unable to understand it. As a result, individuals feel absolutely frustrated.

I have had representations from many business people on the changes in the capital cost allowance. At a time when businesses are pressed for cash and their cash flows are in difficulty, at a time when the Government is urging them to invest capital, expand their plants and hire more people, they are hit with a capital cost allowance that is really unrealistic.

I am sure that every Member has had representations made to him by salesmen who drive company-owned vehicles. The treatment they are receiving leaves a lot to be desired. Many salesmen have told me that it is fair if National Revenue wants to make changes, but they should be given time to adapt. Many of these salesmen are working on term leases for their automobiles. They would like to have a year or two to effect this change. But this provision was just dropped on them, and many will suffer severe financial loss as a result.

I said that many people feared National Revenue more than the police. Is it any wonder? One simply has to look at Bill C-139 and read almost any page. For example, I will read some of Section 65, and you can tell me if you really understand this, Mr. Speaker. I think I know what the answer will be. Section 65 states:

(1) All that portion of paragraph 110(1)(a) of the said Act preceding subparagraph (i) thereof is repealed and the following substituted therefor:

'(a) the aggregate of gifts made by the taxpayer in the year (and in the five immediately preceding taxation years to the extent of the amount thereof that was not deductible in computing the taxable income of the taxpayer for any preceding taxation year) to'

(2) Paragraphs 110(1)(b) and (b.1) of the said Act are repealed and the following substituted therefor:

'(b) the aggregate of gifts made by the taxpayer in the year (and in the five immediately preceding taxation years, to the extent of the amount thereof that was not deductible in computing the taxable income of the taxpayer for any preceding taxation year) to Her Majesty in right of Canada and Her Majesty in right of the provinces, not exceeding the amount remaining, if any, when the amount deductible for the year under paragraph (a) is deducted from the income of the taxpayer for the year, if payment of the amounts given is proven by filing receipts with the Minister that contain prescribed information;

(b.1) the aggregate of gifts of objects that the Canadian Cultural Property Export Review Board has determined meet all of the criteria set out in paragraphs 23(3)(b) and (c) of the Cultural Property Export and Import Act, which gifts were not deducted under paragraph (a) or (b) and were made by the taxpayer in the year (and in the five immediately preceding taxation years . . .

And on it goes. I defy anyone to interpret that. If one went to the best tax lawyer or chartered accountant in the country to ask them to interpret some of these sections, one would find that they do not know. All they can do is to take the case, put it to National Revenue, rely on their response and perhaps plead the case if they do not like the response. Business depends on knowing where it is going. It has to know what the tax laws are, what the market is and what price they can charge. They just cannot understand or comprehend what is in the Act.