

Income Tax Act

Mr. Lambert (Edmonton West): Madam Chairman, may I make one comment. While it is very much appreciated that there has been this expansion to cover taxpayer spouses mutually, I suppose it is up to the Minister of National Revenue to educate the public further on this grossed-up dividend provision. It was announced that the benefit of the \$1,000 would apply to both parties. Since this was an income provision before to which are added dividends, but on a grossed-up basis, to the value of \$1,000, it becomes pretty hard for a lot of people to understand. They ask why they should be limited to \$650 when it comes to dividends. An educational program has to be carried out, but the sooner the minister can find a way of getting rid of this I think the better it will be.

Mr. Macdonald (Rosedale): All I can say is that I will take that under consideration for a future budgetary statement.

Clause agreed to.

Clause 3 agreed to.

On clause 4.

Mr. Macdonald (Rosedale): Madam Chairman, as the result of further study it has occurred to us that it would be more appropriate to change subclause (4) of clause 4 of the bill, particularly with reference to the final line of the subclause, which reads "1976 and subsequent taxation years". The Minister of Indian Affairs and Northern Development has been somewhat exercised on this question. He has pointed out to me, with some justification, that the final line of the subclause should read "1977 and subsequent taxation years". I understand that in his rather forceful way he is putting forward this amendment to the statute.

The Assistant Deputy Chairman: It is moved by the Minister of Indian Affairs and Northern Development:

That Bill C-65 be amended by striking out line 12 on page 3 and substituting the following:

"1977 and subsequent taxation years."

Amendment (Mr. Buchanan) agreed to.

Clause 4 as amended agreed to.

On clause 5.

Mr. Lambert (Edmonton West): Madam Chairman, I have one question for clarification purposes. I take it this is consequential, or shall I say part of the package of changes that are being made as a result of changes in the oil and gas taxation? Section 123.3 is one of those provisions that deal with that subject.

Mr. Macdonald (Rosedale): Madam Chairman, that is precisely correct. It is consequential upon the first amendment.

Clause agreed to.

Clauses 6 to 8 inclusive agreed to.

On clause 9.

Mr. Macdonald (Rosedale): Madam Chairman, we now move into another area, and we are here dealing with the election expenses arrangements. Here again further reflection upon this area indicates that it would be most appro-

priate to amend clause 9(1) by moving two amendments. I have reason to believe that the Minister of Indian Affairs and Northern Development might be prepared to amend the clause in the following manner, (a):

by striking out line 2 on page 10 and substituting the following:

"property acquired by him in the year, determined without reference to sub-section 13(7.1),"

Mr. Lambert (Edmonton West): Session (4.1) on page 7 is the end of the election expenses, and there is an investment tax credit provision right in the middle.

Mr. Macdonald (Rosedale): I am obliged to the hon. member. Indeed there are three amendments here. If I may continue, (b):

by striking out line 8 on page 10 and substituting the following:

"years, determined without reference to subsection 13(7.1),"

If the committee wishes I can go through them all now or take them seriatim.

Mr. Lambert (Edmonton West): Put them all in now.

Mr. Macdonald (Rosedale): The next amendment is (c): by striking out line 24 on page 12 and substituting the following:

"of finished goods,";

Then (d):

by adding thereto, immediately after line 32 on page 12 thereof, the following:

"(12) For the purposes of subsection 13(7.1), where, pursuant to a designation or an allocation from a trust or partnership, an amount is required by subsection (7) or (8) to be added in computing the investment tax credit of a taxpayer at the end of his taxation year, such amount shall be deemed to have been received at the end of its fiscal period in respect of which the designation or allocation was made by the trust or partnership, as the case may be, as assistance from a government for the acquisition of depreciable property."

Then (e):

by striking out line 36 on page 12 and substituting the following:

"23, 1975 and subsections 127(5) to (12) of"

Again my colleague will move the amendments on my behalf, Madam Chairman.

Mr. Buchanan: I so move.

Mr. Lambert (Edmonton West): Madam Chairman, there is a little difficulty here. In preparation of the drafting of this particular clause 9 we drifted all the way across election expenses and the aggregation thereof, which continues to the foot of page 7, and then moved into an entirely new concept, this investment tax credit. The amendments that the minister has been reading, as I apprised them, and having seen them earlier today, deal with what are qualified properties. We are into two different subjects here.

With the permission of the Chair perhaps I could direct the minister's attention to the first part dealing with election expenses and get from him the purpose of the changes, which seem to be somewhat grammatical for purposes of clarification, so that a number of small donations to a political party in amounts up to \$100 can be aggregated. The original intention of applying the 75 per cent credit is not limited to the first such donation in the aggregates, which I suspect was the interpretation that could be placed upon the legislation as originally drafted.