Income Tax

We also oppose the replacement of income averaging annuity contracts with a system of forward averaging, and believe the current system should be maintained. Annuity contracts allow individuals to spread over a number of years the tax they pay in the event of a large increase in income from the sale of, say, a farm or small business. The difference between an IAAC and the Government's scheme is that in the former case the money is left with the private sector to invest in their choice of trust company or insurance company, to in turn invest in the private sector, while under the Government's scheme the money goes to the Government and it decides where to invest it. This point is important because we believe very strongly that this money, like all forms of investment, would be more productive if not tampered with by the Government. We believe our economy would be better off if it is left in the private sector. The Government's forward-averaging scheme is simply another attempt to get its fingers into the investment pot and take more revenue from the taxpayer.

We also object to the Government's attempt, Mr. Speaker, to tax individual insurance policies if they are rolled over into an annuity. That tax will increase anywhere from 25 per cent to 50 per cent depending on how old a person is at the time. This could hurt policyholders at the very time they can least afford it, for example in the face of an emergency.

Another change we oppose is the gutting of the Small Business Development Bond so that it no longer provides for expansion or development assistance. We believe the Government should encourage expansion to create badly needed jobs and investment. As it stands, the bond has been narrowed down to a bail-out bond.

Changes to the capital cost allowance proposed in this Bill will reduce the amount of private-sector investment in new equipment and plants, not to mention new jobs.

Hidden in another part of this Bill, Mr. Speaker, is the fact that the Government proposes to end a very important and time-honoured principle of our tax system, that of confidentiality of income tax information. Under this provision, privileged information such as the name, address, occupation and the like can be given to other federal Departments for research work and analysis. This is very dangerous, Mr. Speaker. We have to ask why this measure is needed. How detailed will this available information be? And how does this square with this Government's pledge to enact freedom of information legislation and ensure personal privacy? What mechanism will the Government offer to make sure this tax information is not abused, because once in the wrong hands, this information could be used to deny services to Canadians for reasons they may not be aware of and against which they therefore cannot defend themselves.

● (1150)

I do not think there is any question that in order to break the never-ending and vicious circle of the recession, the Government must first restore business and consumer confidence and offer some sort of stability in the marketplace. If this is accomplished, Mr. Speaker, there is no doubt in my mind that the public will once again make the consumer purchases they have been putting off for so long. The bottom liner to recovery is restoring confidence, so that Canadians who are traditionally very high savers will begin to spend once again. We must also send clear signals to the business community to restore desperately needed investment and, thereby, badly needed jobs.

First, Mr. Speaker, in my opinion, we should clear the way of Government overregulation to encourage the risk-taker, the entrepreneur, to invest and create jobs.

We should also reduce the deficit the Government has allowed to mushroom to approximately $24 billion from $11 billion in November, 1981.

We should put strong reins of acocuntability on our 306 run-away Crown corporations by following the clear recommendations of the Auditor General's report. We should make it a priority to bring some sense of order to Government spending and the growth of Government. When you have a problem, you simply do not throw money at it in the hope that it will disappear.

Bill C-139, simply put, is a Bill that needs a major overhaul. Instead of clarifying the tax laws, the Bill adds to the confusion. Many of the provisions, some which I have mentioned, should therefore be reconsidered.

What is really needed, Mr. Speaker, is a reduction in Government interference in the marketplace. Before it goes on dictating policy and rules of behaviour to private enterprise, the Government should first gets its own house in order. It should seriously try to reduce the size of the deficit. It is not the private section that needs to be whipped into line as much as it is the Government that needs it. Private sector inflation is roughly 8 per cent, while Government costs are nearly double that. This, obviously, is where the problem lies.

Finally, Mr. Speaker, if we want to bring about renewed economic growth and recovery the Government must lead the way by creating the proper atmosphere. This Bill does just the opposite. It creates far more problems than it solves.

Mr. Dan Heap (Spadina): Mr. Speaker, I am very glad to have an opportunity to speak against Bill C-139, which deals with amendments to the Income Tax Act. It is very unfair in two general ways and in one particular way that concern me very strongly.

In general, what the Bill does is to lower further the taxes on the rich individual or on corporations and to raise further the taxes on people of middle income or low income, thereby further widening the gap between the rich and the poor.

Another point that I am concerned about because of the large number of immigrants living in Spadina is that it will unfairly tax money that those immigrants and immigrants in other parts of Canada send to their relatives overseas; but I will return to that point, Mr. Speaker.

In the time available to me it is not possible to go into all the detail of how the Bill will reduce taxes on people of high income. I want to quote from a booklet issued recently entitled