Paper are appropriate, taken as a package they constitute a frontal assault on investment and investment income by:

- capping the $500,000 lifetime capital gains exemption at $100,000;
- eliminating the $1,000 interest and dividend income deduction;
- increasing the non-exempt capital gains that must be brought into income from 50 to 75 percent;
- failing to allow an inflation correction for capital gains, which for even relatively low rates of inflation can imply taxation in excess of the real return (moving from 50 to 75 percent inclusion sharply increases this likelihood);
- reducing the dividend tax credit and effectively reducing the degree of integration between the personal and corporate tax system. Under tax reform, double taxation of dividends for taxpayers in the top bracket will begin when corporate tax rates exceed 20 percent, down from the 25 percent level in 1987 and from the $33\frac{1}{3}$ percent level in prior years.

The package also affects the corporate side by:

- removing investment tax credits;
- reducing capital consumption allowance which, in the view of some witnesses, will mean that for the first time in decades the effective depreciation rates on most machinery and equipment in Canada would be below those in the United States;
- implementing the "put-in-use" rule which would seriously reduce the expected rate of return from large new investments such as resource megaprojects;
- replacing the current immediate write-off of the cost of issuing new securities with a deduction spread over the life of the debt or five years, whichever is greater;
- introducing a tax on dividends paid on new preferred share issues, designed to make it more difficult for non-taxpaying Canadian corporations to acquire funds through preferred shares; and
- reducing the attraction of flow-through shares: a) directly by phasing out depletion allowances and introducing tighter write-offs from