

HOUSE OF COMMONS

Tuesday, March 8, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[English]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed, from Thursday, March 3, 1983, consideration in Committee of Bill C-139, to amend the statute law relating to income tax (No. 2)—Mr. Lalonde—Mr. Corbin in the Chair.

On Clause 3—*Fair Market Value*

On Clause 16—*Professional Business*

The Assistant Deputy Chairman: Order. When the Chair rose to report progress on Bill C-139 last Thursday, the Hon. Member for Mississauga South moved an amendment, and upon the advice of Hon. Members the Chair took the amendment under advisement. The Chair is now in a position this morning to rule on the acceptability of that amendment, and the Chair finds that it is well within the scope of the Clause which the Hon. Member for Mississauga South seeks to amend.

Therefore, I shall now read the amendment for the consideration of the Committee:

That Bill C-139, an Act to amend the statute law relating to income tax (No. 2), be amended in Clause 3 by adding, immediately after line 33 at page 6, the following new sub-section:

"4.(1) For the purpose of sub-section 1, the cost of the property, that is, the work in progress at the end of the taxation year of a business, means those costs which are directly related to a specific work in progress of the professional but excludes (a) any cost associated with the time incurred by the professional or any other non-employed professional associated with him and (b) any costs associated with the general overhead of carrying on the business which is a profession."

Debate is upon the amendment.

Mr. Cosgrove: Mr. Chairman, I believe that upon the introduction of the amendment by the Hon. Member for Mississauga South I did have the opportunity of alerting the Chair that the amendment was unacceptable. It introduces an unnecessary complexity to what all Hon. Members would agree is a complex matter, and the amendment is not necessary because we believe that the provisions of the Act in the statement of the former Minister makes the objective behind the motion unnecessary. Finally, and probably more important, we believe that the amendment could restrict taxpayer flexibility. Therefore we are puzzled or somewhat perplexed by the move of the Hon. Member for Mississauga South.

For those reasons, Mr. Chairman, the Government cannot accept the amendment and would urge all Hon. Members, for the sake of keeping the Act less complex by not introducing unnecessary items, with the taxpayers' benefit in mind, that they not accept the amendment. We are prepared to illustrate the intentions of the Government in this matter forthwith.

Mr. Blenkarn: Mr. Chairman, the Minister has indicated to this Committee today the attitude of this Government with respect to complexity and fairness, and its attitude towards what it says and what it does. The Minister, on December 18, 1981, cited in this House rules with respect to determining the cost of work in progress by a professional, and we have codified that in the amendment presented to this House. It is clear to us at this point that what the Minister of Finance says, the Minister of Finance does not mean. What this Government says, this Government does not mean.

• (1110)

Sir, it is on that basis that the total perfidy of this Government is demonstrated daily to the people of Canada. We, however, are not going to spend a great deal of time today on Clause 3 and Clause 16. We think in the interests of moving Bill C-139 ahead that we would like to vote on the amendment and vote on Clause 3 and Clause 16. We see no particular point in delaying the passage of an income tax Bill. We think, though, it is absolutely necessary that the House fully consider each Clause of the Bill. The House had an ample opportunity last Thursday to consider Clause 3 and Clause 16 and we would have liked to bring those Clauses to a vote then. Unfortunately, because of the delaying tactics of the Government, we were not able to do that.

Speaking to the amendment, sir, and to the main motion—because I am going to suggest that the amendment be put and then the main motion on Clause 3 and Clause 16—may I say, further to the perfidy of the Minister, that he claimed that a professional would have the advantage of the small business tax rate and allowances. He knows that in this very Bill small business was gutted and destroyed. He knows that he put a 12.5 per cent distribution tax on the earnings of small business so that when they are distributed to the owner of the small business he is subject to even more tax than the earnings of ordinary wage earners. Indeed, the Minister made it impossible for small business to operate behind a corporation, and we will be dealing with that later. But to suggest that professionals are going to be treated the same as small business is to say that professionals are going to be hurt and hampered the