

the matter is of such a serious nature that it should proceed by indictment rather than by summary conviction before a magistrate; in other words, that it must proceed by indictment to the Supreme Court. At that point the court must still decide, on the evidence presented to it, whether an offence has been committed and whether a conviction is warranted. Once the court decides that, then certainly this section does come into operation; it does provide a minimum penalty of two months' imprisonment. But it is not the Minister of Justice who determines whether a person is guilty or innocent, or what the penalty will be. That decision is the decision of the court.

I think that is the essence of the proposition which we have before us. Are we going to set up a situation in which the penalties as outlined in the law are to be changed for the convenience of people who have committed a certain kind of crime, a financial crime, as opposed to crime that took place under other laws?

The argument put forward by the hon. member for Assiniboia is one that appeals to me very strongly in that there ought not to be any differentiation in the way in which crimes against money, so to speak, and crimes against property are dealt with in our system. In some cases it could be argued that crimes under the Income Tax Act, since we use the Income Tax Act as a considerable leveller of wealth, in many respects are far more serious than crimes committed under the Criminal Code. If that hypothesis is accepted, it can be argued that the weakening of the Income Tax Act as proposed by the hon. member for Edmonton West in Bill C-8 is a matter of some concern to all hon. members, and particularly to those people who might have occasion to be proceeded against under the Income Tax Act.

Basically, our Income Tax Act depends upon trust. The number of income tax returns made in Canada is considerably over six million. We do not have facilities at present to investigate all returns and I would hope we would never find it necessary to do so. This feeling of trust has been built up over a considerable period of time. It implies that with respect to those people who are caught in violation of the Income Tax Act the country does have a responsibility to deal with them fairly harshly.

The Income Tax Act is far more than just a means of raising money for the ordinary expenditures of the federal government. It is a means by which a considerable amount of social justice is applied in terms of levelling out incomes, in giving the government the funds it requires for the development of social programs such as old age pensions—now that the special 4 per cent surtax has been removed—in giving funds to finance programs such as family allowances and the expansion of family allowances as proposed by the government in the last parliament, in providing moneys for the funding of programs such as the Department of Regional Economic Expansion, the whole purpose of which is to take funds collected from the urban centres and disperse them in those parts of Canada which are not so well favoured in terms of industrial growth, and in providing moneys for other programs such as agricultural subsidies in order to give a proper return on investment and work to those people working in the farming industry.

I believe we should give very careful consideration to this whole matter before we act to remove from the Income Tax Act the flexibility which is sometimes desir-

Income Tax Act

able or to reduce the severity of sentences that might be applicable under the act.

There is always a problem in trying to discuss matters of taxation in the House of Commons because if there is one kind of law which touches almost everything a person does, particularly since most of the taxes we pay are taken off at source, we find the Income Tax Act, in many of its applications, to be far more pervasive throughout our system than even the Criminal Code itself. Consequently, the penalties that are prescribed in the Income Tax Act with respect to various aspects of its application have a tendency to be perhaps far more severe than one might gauge at first view. As I said before, Mr. Speaker, this is not something that has been approached by accident. I suspect it is something which successive governments have done by design, simply because of the pervasive nature and impact of the Income Tax Act as it applies to the conduct of our ordinary affairs.

It is quite true that in many cases the Income Tax Act is silent. It is quite true that there are grey areas in it. I can recall a specific case in my own district where a group of men came together to launch a project. At that time there were no particular laws on capital gains. They hired a lawyer, he gave them the advice that was current at that time and they proceeded to construct their affairs in accordance with what they believed the law to be at that time and what the jurisprudence at that time indicated was in fact the law.

Unfortunately, the law in respect of the interpretation of the Income Tax Act was in the process of being changed. These people found themselves in the embarrassing position, having spent a considerable amount of money on a lawyer, having consulted with officials of the Department of National Revenue and having filed their papers in accordance with the advice they received both from the lawyer and the department, of one morning suddenly waking up to find themselves being brought into court on a charge of evading the provisions of the Income Tax Act.

It seems to me that the section of which we are speaking attempts to deal with both these cases. It attempts to deal with the case of those who deliberately go out to conduct their affairs in a way which might be considered fraudulent, in order to avoid the incidence of tax. At the same time, the section provides an opportunity for those people who have affairs in the grey areas of the Income Tax Act to construct their affairs in a way which is not fraudulent, so that they are able to take advantage of the way in which the act is written and of the loopholes which creep into the writing of all legislation. They are not proceeding on fraudulent grounds; they are proceeding in accordance with the well known dictum that a man may arrange his affairs so as to avoid the incidence of taxation. In this particular case the people in my constituency found themselves in conflict with the law as it was evolving.

The Acting Speaker (Mr. Laniel): Order. The hour appointed for the consideration of private members' business having expired, I do now leave the chair until eight o'clock tonight.

At six o'clock the House took recess.