

Income Tax—Deduction of Quebec Tax

corporations for the calendar year ending on the 31st of December nearest to the date of expiry of this agreement and it undertakes to deduct from the taxes on personal and corporate incomes for the next calendar year an amount which will allow the province to re-enter the field of personal and corporate income taxes.

The sentence is perhaps a bit long and in rather poor French, but nevertheless it is a quite clear and well defined pledge which indicates exactly the respect for the spirit and the letter of this pledge that the taxpayers of Quebec are asking for today. Quebec did not sign any fiscal agreements in 1947 and 1952 and the only agreement still remaining between the province and the federal government is the one signed in 1942.

In 1947 and 1952, the government signed agreements with the other provinces, agreements that the government has always held to be free and voluntary. Some provinces did sign cheerfully. Others did it with the knife at their throat!—

Some hon. Members: Oh! oh!

Mr. Perron:—according to the phrase used by the premier of Nova Scotia. The province of Quebec declined to sign because she was unwilling, and rightly so, to forsake her autonomy.

To say that an agreement is free and voluntary and to state moreover that failing to sign will cost taxpayers between 20 and 25 million dollars more is, to say the least, illogical and it strangely reminds us of the knife at one's throat referred to by the premier of Nova Scotia.

Now the province of Quebec has decided to tax personal income and to take back the rights she had rented in 1942. Will the federal government refuse her taxpayers the necessary deduction? When this should be but a redistribution of taxes, some people want to make it a new tax, a heavier burden. Taxpayers have been paying annually for the last ten years millions of dollars to the federal treasury for the benefit of Canadians in general and without deriving themselves any benefit whatsoever. The federal government acts in the same way as a tenant who would refuse to give back to the landlord even a part of the dwelling.

It would be understandable at least if someone suffered. But the federal government is ready to grant \$115 million to the province of Quebec if that province will sign an agreement. And yet the federal government would not agree to do without a revenue of about \$20 million, an amount which, added to the product of other taxes collected by the province, would represent a total of \$90 million! In other words, the federal

[Mr. Perron.]

government would be saving money. I cannot see how it would lose in accepting those deductions.

If the revenue of such a tax plus that of the other taxes mentioned in the agreements with the other provinces were greater than the amount which the province would have received if it had signed such an agreement, the government would have some justification in refusing, not completely but at least up to the amount of the grants. Such is not the case however; the contrary is true.

Besides, the government has already admitted, on two occasions, I believe, the principle of deductibility. This was when it amended the corporation income tax legislation in order to allow companies to deduct 7 per cent of their federal tax, i.e. the amount of the Quebec provincial tax. The same thing happened when these companies were allowed to deduct the amount that they were called upon to contribute to the educational fund of the province of Quebec, and that, by means of an amendment adopted at the last federal session.

Mr. Speaker, I understand it is now ten o'clock, but I could conclude my remarks in two or three minutes.

(Text):

Mr. Speaker: Do hon. members give unanimous consent to the hon. member to complete his remarks? He says he can finish in a minute or two.

Some hon. Members: Yes.

Mr. Speaker: Agreed.

(Translation):

Mr. Perron: I was saying, then, that the government had admitted, on two occasions, the principle of deductibility, that is first in the case of corporation income tax, and again in the case of the amounts these companies were called upon to pay the province for educational purposes. Must we then conclude that the government lends a favourable ear to the corporations' requests and yet turns a deaf one to those of the taxpayers? Must we conclude then that the government's hearing is more acute when it is a matter of listening to representations made to it by corporations and yet that it is unable to hear those made by 300,000 taxpayers of the province of Quebec?

The two main sources of revenue involved in the agreements with the provinces are personal income tax and corporation income tax. Why should the government refuse to make the same allowances as regards both personal income tax and corporation income tax?