

*Income Tax Act*

**Hon. Allan J. MacEachen (Minister of National Health and Welfare):** Mr. Speaker, I should like to begin my comments on the point of order by referring to the nature of the motion to which this particular bill is now related but without making any comment about the constitutional aspect of the situation that developed on that Monday night.

It is quite clear, Mr. Speaker, that the motion which was then before the house and which is now mentioned as a possible barrier to our proceeding with this bill was the simple motion that the bill be now read a third time and do pass. I have examined the Canadian authorities, both Beauchesne and Bourinot. I have also examined the precedents of the house. I suggest that it was open to the government to make a motion to revive that particular bill at that time. The Minister of Justice in his statement made this argument, though the hon. member for Winnipeg North Centre disagreed with it.

I think there is a very strong case to be made in support of the argument advanced by the Minister of Justice that the motion at that time was a simple motion and that the operative word in the motion was the word "now". It was open to the government to move that the bill be given third reading at a later time. This is a very important point, and there is quite a bit of evidence to be found in the authorities to support the argument made by the Minister of Justice.

In this particular instance, however, I do not intend to lay the weight of the procedural argument on this particular point because the essence of the argument of the hon. member for Winnipeg North Centre is that the house has already taken a decision on this question and therefore it cannot be brought back again in the same session. In substance that is the basis of the problem before the Chair.

As I say, Mr. Speaker, I have examined some of the authorities. I have examined the bills and I have examined some precedents. First of all, I want to outline to the house the principal difference between Bill No. C-193 and the bill now before the house. The new bill proposes a different scheme of taxation. It should be apparent to hon. members that the surtax in the previous bill rested solely upon the individual taxpayer. There was no surtax payable by corporations. In this particular bill there is a new scheme of taxation because the incidence of taxation has been shifted partly from the individual income taxpayer and placed upon the corporations. Certainly this involves a very new element and is a new and substantial aspect of this bill.

The surtax on corporations and individuals proposed by the new bill differs from the previous surtax on individuals not only in the essential matter of the incidence—and the essential matter of the incidence is a shift, in part, from the personal income taxpayer to the corporate taxpayer—but also in its rate, its maximum and minimum amounts and its proposed duration. The surtax on individuals is proposed at a rate of 3 per cent compared with a surtax at a rate of 5 per cent. The proposed surtax on individuals is on basic tax in excess of \$200 compared with a surtax in the former bill on basic tax in excess of \$100. The proposed surtax will not apply to taxable income under \$1,643; the surtax in the former bill would have started to become payable on taxable income in excess of \$909. The proposed surtax on individuals will have no ceiling; the surtax in Bill No. C-193 would not have exceeded \$600.

The proposed surtax on individuals will apply for the taxation years 1968 and 1969 only; the surtax proposed in Bill No. C-193 was intended to be temporary but was not restricted to specific years. A surtax of 3 per cent is proposed on corporations for 1968 and 1969; the former Bill No. C-193 did not provide for such a tax.

The resolution preceding the bill and the bill we are now considering which is based on that resolution propose that corporations be required to move forward by two months the period during which they pay their income tax for a year. But the payment schedule to be followed by corporations in changing to the new payment period differs from that proposed in Bill No. C-193. Instead of making ten payments for their first taxation year starting after November, 1967, each of which would be one-tenth of their estimated tax, corporations will be required to make five payments, each of which is equal to one-fifth of their estimated tax.

Finally, Mr. Speaker, the bill and the resolution on which it is based propose that the 10 per cent of income limitation on the amount deductible as a charitable donation be removed with respect to donations to a province, thus bringing the deduction of such donations into line with that allowed for donations to the federal government. In addition, Mr. Speaker, it proposes that the present right to carry forward for one year any amount by which charitable donations in a year exceed the maximum deductible in that year be extended to apply to donations made to a province or to the federal government.