

Government Orders

ernment had before the ruling of the Alberta Court of Appeal.

The bill reinstates the ability of our government to be able to collect UIC premiums, Canada Pension Plan premiums and income tax owing by corporations that are going into bankruptcy, but which have not been passed on to the Canadian government.

When we realize that many of these payments have been made by employees in good faith to the employer, and as a result of a bankruptcy or another problem incurred within the business, that employer has used some of those funds in order to keep the business going, then I believe that funding should definitely go back to the Canadian government. This bill allows the Canadian government to receive those payments which it could not receive before because of technicalities within the ruling of the Alberta Court of Appeal.

Garnishment authority had been given to the Canadian government under Section 224.2 of the Income Tax Act in 1987. In June, 1989, the Alberta Court of Appeal ruled against the authority of the federal government to receive that money. Therefore, between June and today, approximately \$100 million has been lost by the Canadian government. On an annual basis, the government is projecting that cost to be in the neighbourhood of \$240 million.

When we stop and consider it, if those taxes are not collected, they must be made up from another source. The only source is the average Canadian taxpayer. As a result, if a piece of legislation is not put in place whereby the Canadian government may regain its ability to collect those garnished amounts, it will, in fact, lose \$240 million, which will have to be made up by tax increases or spending cuts. I feel the person who suffers if this legislation is not passed is the taxpayer, the average Canadian citizen.

• (1700)

The government is not asking for new abilities to tax under the Income Tax Act and under Bill C-51. It is asking to regain the ability it had previously. In that case, it is re-asking for the taxpayer in Canada a \$240 million loss to go back into the Canadian government.

Liberals in many cases have differing viewpoints and those viewpoints have been stated on certain issues. I could not support a situation where I felt that a major problem may occur to small businesses. I think within the

bill there is room to make a caution and I think that caution should be brought forward.

I expect that within this piece of legislation the government would not take actions to bring a great deal of pressure on small business, or businesses in general, which may not be solvent, and would not apply extra pressure to force them into a bankruptcy situation.

There have been concerns voiced in that area. I would hope the government would use its discretion in a very sophisticated way in order to make certain that a small business or someone in the country is not pushed over the brink into bankruptcy.

Through the revision of legislation the concerns of all Canadians need to be protected. In part this legislation does that. The average Canadian should not have to pay for debts that were not passed on to the Canadian government through a bankruptcy act and those extra taxes should not be forced upon each individual.

The bill ensures the garnisheement letter from Revenue Canada would transfer to Revenue Canada claims or priorities over secured creditors in the case of bankruptcy.

The bill states that legal actions to collect unpaid source deductions cannot begin until 90 days after Revenue Canada rules on the taxpayers' appeal of their assessment, if an appeal is made. If a taxpayer launches a court appeal of their assessment, no action can be taken by the government until the court appeal has made its final decision.

By giving Revenue Canada the enhanced collection powers proposed in Bill C-51, we are attempting to ensure that businesses with severe cash flow problems and which face possible bankruptcies do not use the unpaid deductions as a source of emergency funding which may not be collected by the Canadian government in future times.

The principle of the bill is supported strongly by many members of our caucus. It guarantees that the Canadian taxpayer is protected from doubly paying these issues. The only further situation I think we should bring forward is the fact that we do have some problems within our bankruptcy legislation now.

The Department of Finance has suggested that its officials will present to the House within the year amendments to the bankruptcy legislation that will clear up the entire problem of bankruptcies and take a 1990s view of what is happening within the Bankruptcy Act. We need to upgrade that legislation, bring it forward, and